Daily Report

East Europe

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FBIS-EEU-96-098 *20 May 1996*

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Albania: Serreqi on 'Very Important' Agreements With Greece

AU1705204896 Tirana TVSH Television Network in Albanian 1800 GMT 17 May 96

[FBIS Translated Excerpt] In Athens today, Greek Foreign Minister Theodoros Pangalos and Albanian Foreign Minister Alfred Serreqi signed two agreements that were considered very important. The first agreement was that of seasonal employment between the Republics of Albania and Greece, while the second was the consular agreement on opening two new consulates in Thesaloniki and Korce. Here is a report by Armir Shkurti:

[Shkurti] The Greek foreign minister, suddenly, sent an invitation and Serreqi flew to Athens this morning. In the afternoon, he came back with two signed agreements. The first, on seasonal employment, aims to remove the adjective "illegal" from our emigrants. Thus, Albanians will sign contracts with their employers. According to Foreign Ministry specialists, these contracts may be frequently renewed. Thus, the Albanians will enjoy the same rights as the Greeks, they will have their social and health insurance paid and will no longer be pursued by the police. In short, the agreement regulates a normal stay and work in the neighboring country.

[Begin Serreqi recording] The campaign had started, and I was in Washington ten days ago—invited by the U.S. secretary of state to receive their congratulations on the results achieved, as well as a testimony of their full support in further boosting the reform. As soon as I came back, the Austrian federal foreign minister came on a visit. One day, quite suddenly, I received the news—and I was obliged to interrupt my campaign again—that I had to be in Athens today to sign two very important agreements. They were on seasonal employment and on expanding the consular service with two consulates: one in Korce and the other in Thesaloniki. This is a testimony of the pace and intensity of the political and diplomatic activity of Albania.

I can say that the two agreements today are within the framework of the friendship and cooperation treaty and are very important. The first opens the way to economic emigration in general, while the other certainly facilitates the circulation of people between Albania and Greece. As is known and seen, Albanian-Greek relations have already embarked on a good path; they have gained a wider inspiration and a more accelerated tempo. We consider these relations very important not only in the bilateral level, but also very important for the region and beyond. As the only Balkan country member of the EU and of collective Euro-Atlantic security structures, Greece is playing a very important integrating role for the entire region. [end recording] [passage omitted]

Albania: 'Half-Baked' Agreement Reached for Workers in Greece

AU1805202796 Tirana REPUBLIKA in Albanian 18 May 96 p 1

[Commentary by G. L.: "Seasonal Employment at the Whim of the Greeks"]

[FBIS Translated Text] Even before the news arrived from Athens, the progovernment press had been pompously announcing the "glad tidings" of the agreements to be signed yesterday for the legalization of the Albanians living in Greece. This propaganda din immediately allowed one to infer that Serreqi's visit to Athens and his activities there, even though he may have been invited by the Greeks, were mostly a spectacle to win points with the electorate. First, the agreement in question concerned seasonal employment. Under the agreement, the Greek Government, looking at the demands of the labor market in its own country, will make an application to the Albanian Government for a certain number of Albanian citizens who will be employed in Greece for a certain period. How effective will this agreement be? On the basis of Serreqi's not very optimistic tones immediately after his landing at Rinas, the results of the agreement will be half-baked, insecure, and exclusively within the responsibilities and the wishes of the Greek Government. The agreement mentions no numbers or other conditions that might create the idea of some sort of regularity in the seasonal employment of Albanians in Greece.

Serreqi himself, after mentioning "standard statements about supporting the policies of the democratic government," was frank in saying that "everything will depend on the Greek labor market." However, considering the flood of clandestine migrants toward Greece, and not only from Albania, it is difficult to imagine employers requesting regular workers at a time when so-called black-market labor is so profitable for them. It was this fact that aroused the protests of the Greek employers against the "mopping-up operations" of the Greek Government.

However, even if the agreement is to some degree effective, this will not affect in the least the 350,000 Albanians who have been working for more than six years in Greece, who are at the mercy of fate, with no kind of protection or rights. As has been evident only in the last three or four years, these Albanians working in Greece are hostages in the hands of the Greek Government in their exerting pressure on Albanian policy.

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Although Albania gained a kind of promise, Greece of course emerged as the victor, achieving a longstanding ambition to open a consulate in Korce. The Greeks will thus now have consulates in those places where they claim Greeks live, and which are on the list of the territorial claims of Greece's chauvinist and ultranationalist circles.

It does not take much to realize that yesterday's agreement was reached merely to ensure some sort of support from the Greeks at the present moment, only one week before the elections. But how will the Albanians react when they see that they have been let down?

Albania: Opposition Groups Protest Changes in Electoral Rules

AU1805202196 Tirana KOHA JONE in Albanian 18 May 96 p 1

[Report by E. Barci: "The Democratic Party Will Sign the Results of the Voting"]

[FBIS Translated Text] The Democratic Party [PD] has thrown its final bomb against the opposition onto the desk of the Central Electoral Commission. The protocols showing the results of the voting on 26 May will be signed and sealed only by the chairmen and secretaries of the polling station commissions, who are known all to be appointed by the PD. This came unexpectedly, because the Central Electoral Commission approved a decision two weeks ago according to which the protocols, to be valid, must be signed by all the members of the polling station commissions. The PD's "sign and seal" formula was revealed only accidentally. Representatives of the PD and opposition parties were preparing to appear on television yesterday in order to explain the procedure for voting and counting the number of votes. Unexpectedly, the members of the PD produced a copy of the protocol form, on which the places for the signatures of all members of the polling commission, except for those of the PD, had been erased. The opposition members on the Central Electoral Commission walked out of the program and called for an urgent meeting of the commission. However, the representatives of the ruling party and its allies did not arrive until the late hours of the evening. The opposition responded immediately. Yesterday evening, the Presidium of the Socialist Party held an urgent meeting, and it is expected that this party will declare its reaction at a news conference today. The leaders of the other opposition parties met for the same purpose.

The PD approved the Antigenocide Law and the Law on Screening Official Figures: As a result, 140 opposition candidates including three chairmen of the three leading parties were eliminated. The PD voted for the Electoral Law in Berisha's office, and the latter distributed the constituencies as he himself thought fit. The forces of the police are systematically harassing the opposition leaders and their activities. Meanwhile, the PD decided yesterday to record, sign, and seal the election results itself, trying to close the elections one week beforehand. There is only one reason for all these efforts that fly in the face of free elections: Berisha is realizing more and more clearly every day that he has lost seriously.

Albania: Socialists Criticize PD Over Changes to Protocol

AU1905160996 Tirana ZERI I POPULLIT in Albanian 19 May 96 p 2

[Statement by Socialist Party members of the Central Electoral Commission, issued in Tirana on 18 May: "The Representatives of the Opposition Cannot Be Denied Their Signatures in the Polling Station Commissions"]

[FBIS Translated Text] After many acts of injustice and highhandedness, the majority on the Central Electoral Commission is taking an unprecedented step by attempting in an underhand manner to change the previously approved form for the protocol of the results from polling stations.

On 5 May 1996, the Central Electoral Commission approved sample ballot papers and protocols for the polling station commissions and constituency commissions, and decided to then print them in accordance with the relevant regulations. The approved model of the protocols to be drawn up at the end of the voting at every polling station was to be signed by all the members of the commissions. This decision was approved unanimously and without any criticism, on the basis of the logic of the law as a whole and the practice in all the free and democratic elections held in Albanian so far.

It was reported by sources within the Central Electoral Commission yesterday that the model of the protocol was changed by order, removing the right of the members of the polling station commissions to sign, and leaving this right in the sole hands of the commission's chairman and secretary. Bearing in mind that the presidiums of the polling station commissions and the constituency commissions are composed entirely of members of the Democratic Party [PD], it turns out that all the protocols of the results of the voting will be signed only by the representatives of this party, removing this right from representatives of the opposition. In this way the polling station commission will no longer perform its principle function of making a decision on the most fundamental issue of the announcement of the results of the voting. This measure comes in the wake of the

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high-handed decision of the majority for the presidiums of the constituency commissions to be appointed by the prefect, failing to take into account previous practice or our proposal that the presidiums of the commissions be formed on the proposal of the local government authorities elected by the votes of the people.

Persisting in its intentional delays, the Central Electoral Commission failed to meet yesterday to discuss this highly important issue. We consider this step to be a brazen violation of the most elementary standards of democracy that will make it possible for the ruling party to rig the results of the voting. We have therefore decided to appeal to the public through this statement to the press.

Albania: Cabinet Grants 30 Million Leks to Election Campaigns

AU1705132896 Tirana ATA in English 1609 GMT 16 May 96

[FBIS Transcribed Text] Tirana, May 16 (ATA)—Meksi cabinet will give about 30 million Lek to political parties for the electoral campaign, writes GAZETA SHQIPTARE today.

According to specialists in the Finance Ministry, this fund will be distributed according to the Law on the Financing of Parties, respectively 10,765,000 Lek for the Democratic Party, 5,211,000 Lek for the Socialist Party, and the rest will be divided among the Republican Party, the Social Democratic Party, the Human Right Union Party, and others.

Specialists said that the distribution of the funds has also been based on two main elements, the number of the candidates for each political subject and the votes won in the past elections, writes the newspaper.

Albania: 'Serious Economic Crisis' Prompts Lek Devaluation

AU1805200296 Tirana ZERI I POPULLIT in Albanian 17 May 96 p 5

[Article by Erion Brace: "One Dollar Equals 120 Leks! Albanians' Pockets Picked Every Day"]

[FBIS Translated Excerpt] Tirana—The dollar has cowed the lek, and shouts to the Albanians: "Forget politics, and look to your pockets!" The Albanian currency was devalued by eight points again yesterday against the dollar, the strongest currency on the world market. The curve of the lek's fluctuations reached rock bottom at about 1300 yesterday, when one dollar was exchanged for 119.5 leks. For an hour the exchange rate hovered around $1.00 to 120 leks, to stabilize later at $1.00 to 118.5-119.5 leks. The terrified banks counterattacked by ceaselessly selling dollars at 135 leks, but did not drive back the dollar, or even produce a grimace on the face of Bedri Collaku, director of the Savings Bank, whose picture is posted on the bank doors as a Democratic Party candidate.

The U.S. dollar's "bodyguard" is the serious economic crisis that has swept over the country in recent weeks. Nothing can now obstruct the devaluation of the lek, considered so "stable" a few months ago thanks to its inoculation by the oil dollars that came from servicing the war machine to the north of Albania. Now that this machine has broken down, and production and therefore exports are still negligible, the market's hunger for dollars is provoking a serious economic catastrophe. The inflation that is rising every day is the greatest thief of people's pockets, destroying traders, devaluing people's savings, and devastating businesses working with imported raw materials. [passage omitted]

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Bulgaria: Yeltsin Comments on Invitation To Join USSR-2

AU2005102796 Sofia 24 CHASA in Bulgarian 18 May 96 p 6

[Interview with Russian President Boris Yeltsin by Bulgarian National Television correspondent Elena Yoncheva in Moscow, "specially for 24 CHASA"; date not given: "We Are Waiting for Applications To Join the Alliance"]

[FBIS Translated Text] [Yoncheva] Mr. President, you made a so-called proposal to Bulgaria that it should join the integration union of the four former Soviet states. Why was Bulgaria the only Eastern European country to be invited? Do you think the former Soviet Union might be restored in any form and that it is possible to invite Bulgaria to join it?

[Yeltsin] Of course not. We have had no talks with the Bulgarian side on this subject. This was rather an allegorical form, by which I wanted to explain that the Union of Independent States is an organization that is ready to accept any other country as a member. Most of all, we would be glad if the Baltic states joined us, but we would be glad if any other country wanted to join the Union of Independent States instead of NATO.

[Yoncheva] Will you invite any other Eastern European country, apart from Bulgaria, to join this union?

[Yeltsin] No, of course not. This is awkward from the ethical viewpoint. They must apply themselves. They know about the existence of the Union of Independent States and they have to express their agreement themselves and make an application to us. We can let you have the charter documents.

Bulgaria: Videnov Addresses Nation on Company Closures

AU1705190496 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 17 May 96

[Statement by Bulgarian Prime Minister Zhan Videnov for Bulgarian National Radio and Television—recorded]

[FBIS Translated Text] Fellow countrymen, we are living in a complex period of dramatic changes in the economy and in society. The difficulties of the transition have been made even more difficult because, during the years since the beginning of the changes, many things in our state were not done in the best possible way. Some of them were done in the worst possible way, moreover by people who from the lofty position of their state posts now attempt to assume the roles of critics and to teach us lessons on political ethics.

The Democratic Left and its government has taken a different road: the road of national responsibility and duty. The decision to conduct a radical reform in the production and financial spheres is one that we found very difficult to take. We have no illusions that its implementation will be easy or free of problems, but there is really no other alternative. For over six years now, every one of us has been hit in his pocket and in his family budget by increasing prices and a steady rise in unemployment. During all these years, Bulgarian industry has been operating at half capacity and agriculture has been ruined by the liquidation councils. A large proportion of the companies are producing immense losses. The banking system gave them loans and [words indistinct] our trust, but now it itself needs help from the government to ensure that it is stabilized as soon as possible and does not lose the confidence of the depositors.

The national economy continues to be sick, and the recklessly squandered resources of society are almost exhausted. The real income of the ordinary Bulgarian cannot even exceed half of what it was at the end of the 1980's and society's patience is practically exhausted. If we as a society fail to break this vicious circle, Bulgaria will be effectively deprived of the chance of gaining any decent prospects in the 21st century.

The reasons for this situation are well known, but I should remind you of them, not as a justification, but as a lesson that will save us from repeating these mistakes. At the very start of the transition, the illusion was created that the monetary approach will have a speedy positive effect on the economy and, acting almost automatically, will create market relations. Now, several years later, we can all see very clearly that it had the opposite effect. The Bulgarian economy failed to become more competitive and failed to master a single promising new manufacturing process. But without economic logic, without justified risk, without assuming the necessary responsibility for the consequences, it spent resources without creating anything and lost money without making profits. No one has imposed the required new business ethics. Today no standards have been laid down for fair competition, for responsibility toward the consumer, society, and the state, and they continue to be wanting.

However, the time has now come for everyone to assume his part of the general responsibility, from the company director to the bank manager, from the minor state official to the prime minister and the president. Such morality, such civic relations we can only create together, by our common efforts. Today, many are seeking individual solutions for themselves, by hoarding goods in expectation of higher prices,

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withdrawing leva and foreign exchange from the banks, and surrendering to spurious panic and pessimism about the future. However, this solution will help no one to live better than the others. The serious problems require the support of the whole of society for the state's actions, severe and painful actions, but ones that are necessary and beneficial and which lead toward economic rehabilitation and structural reform.

After taking over the government of the country, we began preparations for this gigantic undertaking, which will take many years and hundreds of billions of leva to complete and will require the tenacious work of a whole generation of politicians, statesmen, and businessmen.

Today, we have to deal with the most important components of the structural reform, at a moment when the tension accumulated from previous years is at its highest, the losses are most painful, and the risk of destabilization is greatest. The government has made a decision to close down 64 state companies. The losses made by them last year alone amounted to 14 billion leva. About 25,000 people are employed by these companies. A further 70 companies, which employ 230,000 people, will be put under a special regime for their rehabilitation. Last year, these companies accumulated 22 billion leva of losses and their total debts exceed 94 billion leva. These are astronomical amounts of money, commensurate with the basic parameters of the republican budget for 1996. No country, even the most developed one, can tolerate such a situation for long. The decision to close down or rehabilitate these companies, although very hard to make, was the only possible one.

The courts will appoint specialists for the companies to be closed down who, in cooperation with the creditors will seek to find new owners—the workers' collectives themselves or Bulgarian or foreign purchasers. The companies privatized in this way will be able to resume operations, engaging in the same activities as before, or in activities of a different nature, before the end of this year or early next year, and to reemploy at least part of their laid-off employees. This will depend on the enterprise of the new owners. In a word, no one has set as his goal the liquidation of production. Our task is to reduce sharply the losses and debts of these companies. Instead of consuming the existing wealth, the factories must work to create new wealth. They must produce high-quality goods and services and make profits.

We are taking the necessary measures to ensure the maximum possible protection for the people who will lose their jobs. They will receive additional benefits, equivalent to six months pay at the national average rate. They keep their right to receive unemployment benefit under the Labor Code, and employment offices will offer them facilities for retraining and redirecting into new jobs. We will do what is possible to help those who want to start their own independent private business.

Jointly with the Board of Governors of the Bulgarian National Bank [BNB], we are also taking measures to rehabilitate the banks. The BNB Board has decided to start procedures to close down one state bank and a number of private banks, in accordance with the provisions of the Bank Insolvency Act. The government, true to its promise that it will protect the interests of the depositors, this morning approved the relevant draft law and has already submitted it to the National Assembly. We expect parliament to pass this bill at the beginning of next week. The main aim of this bill is to guarantee citizens' leva and foreign currency savings in the banks that will be closed down. The leva and foreign currency accounts in these banks will be transferred via official channels to the State Savings Bank or another commercial bank. Interest will be paid on these accounts at current rates and up to half the amount of the funds in the accounts may be withdrawn by the owners. The inviolability of these deposits is guaranteed by the state. The government, with the cooperation of the BNB and Bulbank, has already taken the necessary measures to stabilize all the larger banks: the Economic Bank, Balkanbank, Biochim, Hebros, Expressbank, and others, so that the holders of leva and foreign currency deposits in the banks may be calm.

Dear fellow countrymen, with your support, we have the political will, and we assume the political responsibility to take the first steps to structural reform and overcome the psychological barriers that hinder us from bringing about a radical change in establishing economic relations of a new type. This task cannot be accomplished within the limits of one government's term in office. However, the start has been made and it encompasses the first and most urgent measures. We are bound to close the [word indistinct], to create a new economic environment that will permit the normal economic and social reallocation of resources and will be attractive to both domestic and foreign capital. These are the conditions in which everyone who works will gain profit. This is a socially justified approach that has good prospects and will make us a desired economic partner. This is a colossal national task that requires our maximum efforts, as our common debt to our own generation and to the future.

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Bulgaria: Assembly Elects National Bank Deputy Governor

AU1705210396 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 17 May 96

[FBIS Translated Text] Today parliament voted by 118 votes in favor, 80 against, and 14 abstentions to appoint Dimitur Dimitrov, chairman of the Board of the Bank Consolidation Company and deputy minister of economic development, as a deputy governor of the Bulgarian National Bank.

Bulgaria: 2 Commercial Banks Placed Under Supervision

AU1705165196 Sofia Khorizont Radio Network in Bulgarian 1500 GMT 17 May 96

[FBIS Translated Text] Today the Bulgarian National Bank Board of Directors placed under special supervision the First Private Bank and Mineralbank because of the risk of them becoming insolvent. The activities of the two banks are restricted. They are prohibited from accepting deposits from physical persons and disposing of their property. The managements of the two banks were dismissed and supervisors appointed.

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Czech Republic: Havel Denies Interfering in Election

LD1905164096 Prague Radiozurnal Radio Network in Czech 1215 GMT 19 May 96

[Interview with Czech President Vaclav Havel by Robert Tamchyna; place and date not given; from the weekly "Conversations at Lany" program—recorded]

[FBIS Translated Excerpt] [Tamchyna] [Passage omitted] Your address at the Charlemagne Prize awards ceremony in Aachen was entitled: Europe as a Task. [passage omitted]

[Havel] [Passage omitted] This ceremony is always an opportunity for debates and meetings between important politicians and heads of state. [passage omitted]

[Tamchyna] What were foreign politicians interested in most during the talks you held?

[Havel] I must admit that I was rather surprised by their interest in the situation in Slovakia, about which I spoke most extensively with Austrian Chancellor Franz Vranitzky. I have to say that Europe has been following the events in Slovakia very attentively, and I got the impression it was growing increasingly alarmed by certain phenomena on the Slovak political scene.

[Tamchyna] [Passage omitted] What would you tell those criticizing you for having only met the chairmen of some parties in the preelection period and for having interfered in the election campaign by voicing your views and exercising your influence?

[Havel] I am not interfering in the election campaign. As far as my contacts and meetings are concerned, I would like to let those who criticize them know that I have the right to meet with whomever I want whenever I want. [passage omitted]

Czech Republic: Court Refuses To Abolish Election Deposits

AU1705164396 Prague MLADA FRONTA DNES in Czech 16 May 96 p 1

[Report by "(san, rep)": "The Constitutional Judges Have Refused To Abolish the Electoral Deposits"]

[FBIS Translated Text] Brno—The Constitutional Court yesterday turned down, by a narrow majority, the proposal by 41 opposition deputies that the deposits the parties have to pay—by law—before the elections to the Chamber of Deputies and the Senate be abolished. So, the path to the next Chamber of Deputies has been closed off definitively for the four parties that did not put down a deposit in the run-up to the June elections. The state did not print the voting papers for the Green Party, the Nationwide Caucus of Citizens, Stepan's communists, and the Right Bloc, the entities that the verdict immediately concerned. Although their lists of candidates have been registered, the electorate will not be able to vote for them.

All four parties disagree with the decision and continue to regard the deposits as anticonstitutional. "There are courts in the Republic that are dependent not on the laws, but on political influence," said Premysl Vachalovsky, the Right Bloc's spokesman, in commenting on the verdict.

However, the vote of one judge was needed for the Constitutional Court to declare the deposits anticonstitutional. Eight of the 15 judges voted in favor of their abolition. According to the law on the Constitutional Court, nine judges would have to have been in favor of it for the proposal to have been adopted.

"The decisionmaking was difficult because the opinions of the judges were diametrically opposed to one another," said one of the judges in describing their closed meeting. Judge Vladimir Klokocka even said that some of his colleagues may have made their decision under pressure, with the knowledge that they could even bring about a postponement of the coming parliamentary elections by their verdict.

The court decided that the deposits do not run counter to the Constitution; at the same time, however, it declared that their amount for the elections to the Chamber of Deputies is on the verge of tenability. The parties have to pay 200,000 korunas [Kc] in each of the eight electoral regions—that is, Kc1,600,000 throughout the Republic. The state returns the money to the parties only if they get into parliament.

"I think that this is a bad decision," declared Klokocka. He disagrees with the payment of the deposits being used to say something about the representativeness of a party just like, for example, the number of supporters on its petition sheets. "I do not see representativeness in bank accounts," he said.

Just before the Constitutional Court's verdict, the politicians and lawyers had been talking about what would happen if the deposits were abolished. Parliament Deputy Chairman Jan Kasal (Christian Democratic Union-Czechoslovak People's Party), for example, declared that other parties would have to be given an opportunity to register for the elections.

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Czech Republic: Air Force General on Aircraft Modernization

AU1705133196 Prague DENNI TELEGRAF in Czech 14 May 96 p 3

[Interview with Major General Pavel Strubl, inspector of the Czech Air Force and Air Defense, by Michal Nosek; place and date not given: "The Aircraft Hardware on Offer Is Now More Interesting"]

[FBIS Translated Excerpt] [Nosek] What are the options for the modernization of our Air Force?

[Strubl] The Air Force was the first to conduct rapid transformation. Operating seven airfields was financially untenable and, therefore, we reduced the number of air bases to five. Of course, problems have arisen with the location of the airfields. Four options have been outlined in the issue of new aircraft. The first one was catastrophic: to do nothing and reduce the Air Force and Air Defense to collapse. The modernization of the MiG-21 was another. These two options will not be implemented, but, knowing what will happen if the issue is not dealt with, I have to mention them. The implementable options are more important—leasing the F-16 aircraft and their modernization or selecting one specific type from the F-16, F-18, Gripen, and Mirage 2000 aircraft on offer. These options, of course, have been drawn up in detail, and their economic, combat, and service feasibility have been compared.

[Nosek] How would you characterize the individual types?

[Strubl] The Mirage 2000 is, without doubt, an outstanding aircraft, but it has the disadvantage that everything, including the weaponry, is French. In the U.S. bid, not only the tried-and-tested quality of the F-16 and F-18 aircraft, but also the perfect service is interesting. We have scrutinized the bid thoroughly and have come to the conclusion that, if there are any flaws at all, they are minimal. The supersonic Gripen aircraft is also, according to the parameters and technical data, excellent, but I have not yet had an opportunity to study it thoroughly.

[Nosek] What do you consider to be most important in the current phase of Air Force modernization?

[Strubl] At the moment, I do not consider most important which of the aircraft on offer will be chosen because they all have remarkable qualities. Far more fundamental is the U.S. offer to construct the whole infrastructure. Thus, a system compatible with all of the aircraft that the NATO countries have at their disposal, but also with our supersonic L-159 aircraft, would be established. The development of this aircraft is coming to an end, and we will soon be able to take a look at the first prototypes.

[Nosek] How has the reduction in the number of flying hours manifested itself?

[Strubl] At present, the average time spent in the air per pilot per annum amounts to 50 hours. Increasing the number of flying hours is impossible at the moment for economic reasons. In practice, this means that our pilots are merely keeping up with their training. There has been no training in the new elements of flying since 1993. The Army suddenly had a surplus of 250 pilots following the reduction in the number of aircraft and airfields. The numbers have evened out naturally over the three years. Some pilots have retired or found civilian jobs. Now the numerical situation is ideal, and there are even a few vacancies.

[Nosek] Are people still interested in becoming pilots? How many applicants do you accept?

[Strubl] There is no problem in recruiting students to train as pilots or for the other specialized fields. There is constant interest, and far more people apply than the Air Force Academy can accept. The Air Force and Air Defense Faculty admits 30 new pilots per annum. The practical training takes place at the training base in Pardubice. We are trying to make sure that the young pilots fly more. [passage omitted]

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Slovakia: President on Conflict With Meciar, Other Issues

LD1905215896 Budapest MTV Television Network in Hungarian 1700 GMT 19 May 96

[From the "The Week" program]

[FBIS Translated Text] The Hungarian-Slovak Basic Treaty was ratified [as heard] this week in its original form—that is, without the addenda approved by the Slovak parliament restricting the interpretation of the treaty. Meanwhile, in Slovakia there is a veritable media war between the followers of Prime Minister Vladimir Meciar and President Michal Kovac. This war is part of the power struggle in Slovakia. Michal Kovac, whose speech was not broadcast by the Slovak Television 10 days ago, has given an exclusive interview to "The Week."

[Begin recording] [Unidentified correspondent in Slovak, with superimposed Hungarian translation] Mr. President, the government coalition is using every means in its attempt to discredit you. What is the reason for this, and how could this problem be resolved, in your view?

[Kovac, in Slovak, with superimposed Hungarian translation] The reason for this is likely to be found in the differences of view between me, on the one hand, and the prime minister and the government coalition on the other. Our views differ over the way forward in consolidating democracy and legal statehood, and in guaranteeing basic human rights. The interpretation of the role of the opposition—control over the executive power by the opposition, the independence of the public service media, radio and television, legal control over the security services, and so on—is an unresolved issue in our country.

[Correspondent] Could these matters, in your view, be settled under the present government coalition?

[Kovac] I am optimistic about the development of Slovak democracy. At the moment, it is difficult to predict what the immediate future will bring. However, I think that even in government coalition circles many people are ready to assess realistically the critical remarks voiced by West European countries. There is an intention to keep our country on the path of democracy, to prevent our country from leaving this path. The majority of Slovak politicians are aware of the fact that our accession to the EU and NATO is of vital importance from the viewpoint of our further development. Therefore, like it or not, we have to correct some of our steps. We have to respect the remarks and positions taken by the member states of the North Atlantic Assembly and the EU. Unfortunately, I must admit that there have been hardly any noticeable changes in the areas to which these Western remarks apply.

[Correspondent] In its policy aimed against you, the government coalition is taking advantage of your son's case. What is your view on this matter?

[Kovac] Unfortunately, my opponents use the case of the Technopol company as political pressure to force me to resign. As far as the case itself is concerned, I am convinced that its political character has deliberately been overemphasized from the very beginning. I am convinced that my son will clear his name before the Munich courts. As you probably also know, my son was abducted and through this the entire problem has assumed a new dimension. Unfortunately, the investigation into the matter seems to have come to a halt after seven or eight months. It suggests that there is no political will for the matter to be clarified, and this leads to lasting tension.

[Correspondent] Prime Minister Meciar did not want, or dare, to participate in the exchange of the Basic Treaty's ratification documents in Budapest. This has substantiated certain doubts over whether there is any political will in Slovakia to observe the stipulations of the Basic Treaty.

[Kovac] I do not think you can conclude from this fact that there is a lack of goodwill. Goodwill is laid down in the Basic Treaty. However, the relevant constitutional players and other politicians also have to show goodwill because only in this way can the agreement be implemented. I assume that both the government and the parliament—as well as the president of the Republic and the country's citizens and institutions—show this goodwill. Fears that Slovakia may not observe the Basic Treaty or may not be willing to implement what is included in it are groundless.

[Correspondent] The Basic Treaty lays down a number of concrete tasks for the two states: for example, the setting up of a mixed committee on minority affairs, which is considered to be very important for Budapest. Which are the most important—or most urgent—tasks in the implementation of the Basic Treaty, in your view?

[Kovac] In my view, the most important thing now is to improve the atmosphere of Hungarian-Slovak relations not only at government level, but also at the level of parliaments and the level of the broadest public. In this respect, not only politicians and statesmen, but also historians, those who work in culture, parliamentary deputies, and diplomats have important tasks.

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[Correspondent] What should be done in order for Hungarians living in Slovakia to feel at home in their motherland?

[Kovac] I am convinced that the Hungarian minority in Slovakia has always felt at home and still feels at home in Slovakia. I have visited a number of regions, towns, and villages of mixed population, but I have never met any minority citizens who feel threatened in any respect that differs from the Slovaks—if we can speak of any kind of insecurity at all. There are no people who suffer from an inferiority complex because of their ethnic Hungarian identity. This does not mean that I do not see some of their special problems, but I think the majority of their problems are identical with those of the Slovaks, the Ukrainians, and the Ruthenians. [end recording]

Slovakia: Meciar: No Peace as Long as Kovac President

LD1705230896 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1638 GMT 17 May 96

[Regular Friday interview with Slovak Prime Minister Vladimir Meciar by Correspondent Bibiana Gunisova—live or recorded]

[FBIS Translated Excerpt] [Gunisova] According to our opinion poll in parliament, the current political situation in our country is seen by both coalition and opposition deputies as damaging to Slovakia and traumatizing to our society. [passage omitted] Prime Minister, I will put to you the same questions we put to deputies during our opinion poll in parliament: What is your view of the current tense political situation in our country, and what ways out of it do you see?

[Meciar] [Passage omitted] Speaking about the political situation, we have to distinguish two levels. The first level is that of constitutional and state bodies and relations, the other is the level of relations between political parties. Relations between political parties should not be automatically looked at as state problems. These relations are party matters, and the state is outside this area; being more than the parties, the state is the citizens.

Looking at ways out, we need to spell out the causes of the current differences between our political entities. The opposition clearly lacks a positive program. The opposition lacks a medium- and long-term view of matters, and emotions and irrationality have prevailed in their case. Their policy has even turned into an attack on state bodies—the police, the Prosecutor's Office, the Slovak Intelligence Service, and, on occasions, the government. This is not a good policy. It is an extreme that can be found in every society but only has its place at its margins. [passage omitted]

If things are not running smoothly at the top, all of this seeps through to the bottom. To achieve harmonious coordination between state bodies, we need to tackle the question of why the state bodies are not working in harmony. Unfortunately, given my experiences and all of the accommodating steps I have taken since December 1994, I must say—and I am fully aware of my statement's gravity and its consequences—that as long as Michal Kovac is the president of this state, there will not be peace.

[Gunisova] One of the solutions proposed by the opposition and presented in parliament is to dismiss Ludovit Hudek from his post of interior minister and, more recently, to dismiss Slovak Intelligence Service head Ivan Lexa and Prosecutor General Michal Valo. Prime Minister, what is your view on this?

[Meciar] Let us first analyze why such attitudes arise. The official pretext is the alleged recording of a [telephone] conversation between Interior Minister Ludovit Hudek and Slovak Intelligence Service Director Ivan Lexa. An expert analysis was made available to me, and this analysis casts doubt on the authenticity of the recording. [passage omitted]

I do not intend to dwell on the contents of the recording nor on the technical aspects of how it was obtained. The issue is that the human and civic rights of every citizen of this country are guaranteed. [passage omitted]

Since there is no legitimately obtained evidence against Ivan Lexa and Ludovit Hudek, no legal or political measure or action can be taken against them because, in this case, human rights were violated. The weight of human rights is greater than anything derived from a breach of them. I therefore oppose the use of this recording as evidence for the purposes of any discrimination or political action. [passage omitted]

I am sorry to say that the attacks against state bodies were triggered by the head of state long ago. These attacks are culminating now. We have been monitoring this process for a couple of months now, and we can see that it is coming to a head in parliament. [passage omitted]

[Gunisova] [Passage omitted] According to Istvan Szent-Ivanyi, state secretary at the Hungarian Foreign Affairs Ministry, there are no obstacles to your meeting with Hungarian Prime Minister Gyula Horn and to Slovak-Hungarian relations acquiring a new content. Prime Minister, in your view, what should be the content of Slovak-Hungarian relations?

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[Meciar] We did say, when we signed the basic Slovak-Hungarian treaty [in 1995], that we were closing the door on the past and want a new future. The new future can be defined in a positive way by saying what it should and what it should not include. Let me begin with the second aspect.

Clearly, we expect the Hungarian Government to distance itself from pushing through various demands for autonomy and collective rights. Such a trend is quite unique in Europe today. It is irrational and does not benefit Slovak-Hungarian relations or relations with Hungary's other neighbors.

As regards the positive aspects, these include efforts to introduce a new European structure. If conflicts are not resolved, the process of integration will slow down. That will have not only a political but also an economic and social impact on some of the countries and their security.

Nobody in Slovakia or Hungary can think he can outwit the other one and will look after himself at the expense of the other. That is not possible.

The other process our two countries need to engage in is a process by which our relations will be raised to the level of cooperation. That means that we need to expand our cooperation on the market as well as the flow of capital and services. If this is slowed down unnecessarily, the whole process will stop. [words indistinct] if relations are good, borders are a formal matter, and that is when they bring us closer and do not divide us. This is (?also a matter of) international security. We can help each other a lot in this respect, and we can cut down expenses on security.

We are faced with the issue of contacts between people. In this respect, we can also help each other a lot, not only through visits, but also through the free movement of people—if somebody is not happy in our country and wants to leave, his wishes should be met. This is not pressure; it is simply a citizen's freedom [obcianska sloboda] for a person to decide to live where he or she wants to live.

I believe that the concluded treaty is an impulse for a new policy. However, the new policy requires not only shutting the door on the past, but also really slamming it, so that neither autonomy nor Benes decrees nor hopes of Horthy's orphans that they will be rehabilitated in Slovakia one day can get on the agenda again.

Slovakia: Hungarian Party Denies Getting Bratislava Subsidy

LD1705211396 Bratislava Slovak Radio Network in Hungarian 1530 GMT 17 May 96

[FBIS Translated Text] The Hungarian People's Movement for Reconciliation and Prosperity [MLHZP] has not asked for and has not received money from the [Slovak] state budget. This statement is contained in a letter sent by Ferenc Sido, spokesman of the movement, to the Slovak news agency. According to the letter, reports claiming that the Slovak Ministry of Culture has subsidized Gyoergy Gyimesi's party, the MLHZP, are false. This baseless disinformation is part of a campaign conducted by circles close to the Hungarian Coalition [grouping the three main ethnic Hungarian parties in Slovakia] against the movement, representatives of the MLHZP said.

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Hungary: Foreign Minister on Karadzic's 'Resignation'

LD1905162096 Budapest Kossuth Radio Network in Hungarian 1000 GMT 19 May 96

[Interview with Hungarian Foreign Minister Laszlo Kovacs by correspondent Peter Rozsa; place and date not given—recorded]

[FBIS Translated Excerpt] [Kovacs] If confirmed, the resignation [of Radovan Karadzic] will remove one of the greatest obstacles to the Yugoslav peace process. This development opens the road to the democratic development of the Bosnian Serb Republic and to the settlement of relations between the Bosnian Serb Republic and the other entity in Bosnia-Herzegovina, the Bosnian-Croat Federation.

All this is important because the implementation of the nonmilitary elements of the Dayton peace accord is proceeding very slowly. [passage omitted]

[Rozsa] Is it important that Radovan Karadzic is accused of war crimes and that, after his resignation, he might be put on trial?

[Kovacs] There are two reasons why this should happen. First, the peace and order of the region demand that war criminals should receive the punishment they deserve. Second, if the case of war criminals were settled and they received the punishment they deserve, it would serve as an important deterrent against similar acts in the future.

[Rozsa] Does this event have a political significance from the viewpoint of relations between Hungary and Bosnia after the September elections?

[Kovacs] For us it has a significance from the viewpoint that it helps to resolve the Bosnian situation, which, in turn, makes it easier to develop relations even further between Hungary and Bosnia-Herzegovina—both sides intend to do this—and what is even more important is that calm in Bosnia and a settlement there will contribute to the stability of the region.

Hungary: Horn Asks Coalition's Help To Form Investigative Body

LD1805160796 Budapest Duna TV in Hungarian 1730 GMT 17 May 96

[FBIS Translated Excerpt] Prime Minister Gyula Horn has emphasized in a statement issued this morning that he will take firm steps against corruption and abuse and to expose economic crime and clean up public life. [passage omitted]

[Begin Horn recording] Naturally, the support of the coalition partner is indispensable to create a central investigative body in the prime minister's office, because we need to amend a law whose amendment requires a two-thirds majority in parliament, and we can have a two-thirds majority only together with our coalition partner. [end recording]

The prime minister said that should representatives of the government coalition parties be suspected of wrongdoing, they, too, would be called to account:

[Begin Horn recording] This must be above party politics, indeed, we must be even stricter with our own people than with others. [end recording]

The prime minister said that future steps must be firmer than those taken so far, because a proportion of the multibillion-forint takings of organized crime was used to try to bribe public institutions:

[Begin Horn recording] There is a danger that organized crime may bribe or buy public officials, gain illegal access to information, or other things. This danger exists and there have been examples of this. [passage omitted] [end recording]

In response to Horn's statement, Ivan Petoe [chairman of the junior coalition party Alliance of Free Democrats] said in Veszprem that he had not observed any ill-conceived interpretation of party interests during the time of this government so far, but that he agrees with the prime minister that public life should not be transformed into a battleground for power for its own sake. [passage omitted]

Hungary: Officials Discuss Army Reform, NATO Compatibility

LD1905154596 Budapest Kossuth Radio Network in Hungarian 0600 GMT 19 May 96

[FBIS Translated Excerpt] The National Assembly's 1995 resolution on the transformation of the Hungarian Armed Forces gave two deadlines for the reforms: the medium-term phase must be completed by 1998; while complete transformation must be carried out by 2005. [passage omitted]

Colonel Imre Bokor, educated in military engineering and history, has reviewed the reform efforts by the leadership of the Ministry of Defense so far, and takes a view which is different from that held by the ministry. Karoly Monostori reports:

[Begin recording] [Monostori] To what extent are the Hungarian Defense Forces compatible, or able to be compatible, with NATO in terms of our forces' technical equipment and organization?

[Bokor] The Hungarian army has fallen behind in terms of organization—in my view, putting this right requires

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10 to 15 years. We also lag behind by about 15 to 20 years, if not more, in terms of technical aspects; all our technical-combat equipment [harcitehnikai eszkoezeink] is either practically obsolete or incompatible with NATO technical equipment.

[Monostori] What do you think is needed to make it possible for the army to complete this organizational transformation within 15 years? Is there a part of this transformation which could be implemented by the time we plan to join NATO? [passage omitted]

[Bokor] It could be implemented within a shorter period, perhaps, if the top military leadership, or more specifically the minister of defense [Gyorgy Keleti], had any idea. However, it is precisely this which he lacks just now. This has been illustrated by several of his measures which have been reported in the press or disclosed by various sources.

[Monostori] Do you know from a reliable source that the Ministry of Defense has no long-term ideas about joining [NATO]?

[Bokor] There are signs which suggest, indeed prove that they have none. During the Antall-Boross government [1990 to 1994] a move was started to abolish the Command [Parancsnoksag] of the Hungarian army, the complete superfluity of which we pointed out a number of times to [the then Defense Minister] Lajos Fuer. In 1994 Fuer ordered steps to abolish the command. The first measure of Defense Minister Gyorgy Keleti on taking office was to stop this. However, just recently when a high-powered visiting British delegation reviewed the army's command structure and pointed out the same problem, interestingly, Keleti accepted this judgment and they then said—about two weeks ago it was reported in the press—that they would take steps to eliminate these two parallel lines of command.

The top rank, the corps of generals, or more precisely the field-grade officer corps, has expanded hugely; currently we have almost 100 generals, of which 30 or 35 are brigadier generals [dandartabornok], despite the fact that the Hungarian army has only about seven or eight brigades, and even these are not up to full strength.

In contrast, at company level, the shortage of commissioned and noncommissioned officers is so great that it reaches criminal proportions. The noncommissioned officer corps has hugely decreased. There are attempts now to dress up civilians or civil employees of the army as noncommissioned officers in order to paint the statistics in rosier colors, because otherwise they would show a rather sad state of affairs; the fact that there are simply no personnel to deal with conscripts or technical equipment.

[Monostori] Hungary is thinking of purchasing T-72 tanks from Belarus, which have had a lot of wear but for which the Belarusians could supply the necessary ammunition and technical services.

[Bokor] Currently, the Hungarian army has 845 or 847 tanks—this is a sufficient number. [passage omitted] What is more, we asked the Russians to repay Soviet debt to Hungary partly in armored vehicles; we ordered 475 BTR armored personnel carriers but they have not been delivered yet.

The ammunition supply aspect of the issue is also alarming. The Russians, and the Soviets before them, have traditionally failed to provide supplies properly—I repeat, they have never supplied a proper parts service.

The Germans have given us 20, if my memory serves me right, Mi-24 helicopters, which we cannot put into service because of a shortage of money. In my view, these assault helicopters should be made combat-ready and put into service because they are more valuable than tanks. The Gulf war illustrated this: The T-72 tanks were sitting ducks for the assault helicopters which shot them to pieces. [passage omitted]

The T-72 tank uses 125-mm shells, whereas NATO recommends 140-mm shells. [passage omitted] So, also from this point of view if we continue to buy equipment from Russia, our dependence on it would increase.

[Monostori] Lajos Erdelyi, spokesman of the Ministry of Defense.

[Erdelyi] It is true that the technical equipment of the Hungarian army is obsolete; some of it is 15 to 20 years old, or older. [passage omitted]

[Monostori] Is the abolition of the Command of the Hungarian army part of the medium-term defense transformation process?

[Erdelyi] The 1995 National Assembly resolution ordered the transformation of the Command of the Hungarian army into the General Staff of the Hungarian army in the medium-term stage. This work has begun. From 1997 the Command of the Hungarian Armed Forces will cease to exist and its tasks will be taken over by the Army General Staff. This will take place not because it has been proposed by the British working group but because the National Assembly ordered this last year.

[Monostori] Col. Bokor said the Hungarian army had 100 generals. [passage omitted]

[Erdelyi] Bokor's information is incorrect. The number of generals is less than 70. Talking about brigadier general, it is the lowest grade within the rank of general,

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and therefore all generals start at this grade. [passage omitted] So, in order for somebody to become a colonel general he must, regrettably, first become a brigadier general.

I think that we have a few more than seven or eight brigades, but the majority of these brigades are commanded by colonels and not by brigadier generals. [passage omitted]

[Monostori] Col. Bokor says that there is no need to buy tanks. [passage omitted]

[Erdelyi] Again, the basic question is what does NATO compatibility mean? The idea which, regrettably, has gained a foothold in public opinion, that the technical equipment of the Hungarian army must be replaced, is out of the question. If it needs to be replaced, it will be replaced because it is obsolete and not because we join NATO.

As far as we know, NATO compatibility is focused on two areas: communications—that is, issues linked to telecommunications and command [passage omitted]—and air defense and aerial navigation. [passage omitted]

Regarding the Mi-24 helicopters—which, by the way, are also Russian-made—we got them from the stocks of the former GDR [East Germany]. They are to be overhauled, but they have nothing to do with the purchase of Belarusian tanks. [passage omitted]

[Monostori] A shortage of commissioned and noncommissioned officers has been a characteristic of the Hungarian army for a long time now.

[Erdelyi] The 1995 National Assembly resolution number 88 stipulated that in 1998 the army could have 10,800 noncommissioned and 9,000 commissioned officers. [passage omitted] Regrettably, currently, we have a good few less noncommissioned officers, while we have a few hundred more than 9,000 commissioned officers. [passage omitted] [end recording]

Hungary: Major General Vegh on Military Reform

96CH0085B Budapest NEPSZAVA in Hungarian 11 Mar 96 pp 1, 8

[Interview with Hungarian Major General Ferenc Vegh by Irene Szabo: "General Vegh Concerned About the Future of the Honved Forces"; place and date not given]

[FBIS Translated Text] *"At best one can characterize developments in the Hungarian army since the system change only as the beginning of transformation, and this is far less than reform producing qualitative changes," General Ferenc Vegh, the first deputy of the army chief of staff told NEPSZAVA. In his view, the army today is the product of a series of steps taken under pressure. We questioned the general regarding the experience he has gained since he became a member of the headquarters staff six months ago, and about the operational capabilities of the army.*

[Szabo] General, you were transferred from Cegled to headquarters staff six months ago; in Cegled you served as commander of the third military district. Your career has been spectacular and irregular, because, as news reports have it, in early summer you will become the leader of the modernized army. What is your view here and now of the transformation the Hungarian army has undergone so far?

[Vegh] Regarding my career I want to note only that it followed the customary path until Cegled, and from there on it progressed like an express train. I do not want to discuss who the leader the Hungarian army will be. I am a soldier, and I feel responsibile for the army's future. The way I see it, my knowledge and the areas I am familiar with could be utilized in many capacities. Insofar as the past six months are concerned, this was been a very busy period. There was not enough time to do many things, but it was long enough for me to find out that whatever has taken place so far has been neither reform, nor a transformation of the armed forces based on logical considerations. Necessary, pronounced qualitative changes have not been made. Instead, various steps dictated by the budget and by austerity considerations were taken under constraint. The army will be unable to perform, will be forced to its knees if this continues. The question is whether the army has already reached a point where it is incapable of standing up on its feet.

[Szabo] Everyone who knows you is aware that you are an advocate of reform. You do not believe in mending and amending things.

[Vegh] All this is clear in my mind. An army exists to carry out its function. What good is an armed force if it exists only on paper, but in practice has no means, and therefore is unsuited to defend the country. I think we would be better off if we realized that reform is an unavoidable process, instead of eventually being forced to make qualitative changes in response to experiencing certain situations. Where we stand today is that in peacetime, with clenched teeth, and by concentrating all our energies we are able to solve the problems created by the train catastrophe at Szajol or provide flood relief, and by committing an incredible amount of energy we are able to put together a technical unit commensurate with the requirements, one that is able to stand fast in the South Slav theater. But God save us from a situation that requires the continuous exertion of energy. Among other reasons, I am for reform, because as a soldier I

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would not like to see the day when it turns out that those who called the Hungarian Honved Forces an "operetta army" were correct.

[Szabo] There seems to be contradiction in the fact that along with the declining manpower of the army, the property used for guarding, defense, and maintenance has hardly been reduced. Experts claim that the existing real property worth 700 billion forints could be reduced by the year 2000 by 100 billion forints at best.

[Vegh] This is a huge burden for the Hungarian army. So far, decisions have been made regarding the closure or sale of 122 facilities that have become superfluous, including the sale of complete barracks and vacant residential developments, which have been syphoning our strength, our energy for years. We are trying to find ways to get rid of them. Our budget is not going to increase, thus superfluous property constitutes a financial burden to put it mildly. In my view, under our conditions, a small army cannot mean anything else but the concentration of the existing military potential, including property, as well as the efficient management of our means. For quite some time we could not allow money to be wasted for reasons such as guarding real property. I would not rule out the possibility that the list containing the 122 facilities will be further expanded. And insofar as the level of manpower is concerned, I can only say that we must reinvent the wheel. The Hungarian army has already experienced a period in its history when the buildup took place according to today's modern western pattern. The armed force of 40,000 was served by 500 officers and 6,000 noncommissioned officers. The present, distorted structure is untenable. In states which take the military seriously, officers are regarded as part of the national assets, and during peacetime, each professional soldier is regarded as an intangible gold reserve. The structure does not exist for itself, or for its generals. And if a few generals or colonels fall victim to the changes, this may be regrettable from a human standpoint, but it is legitimate from the standpoint of attaining the goal.

[Szabo] It seems that at present officers leave the army voluntarily. Last year's exodus affected the main body of the army, people between the ages of 30 and 40 were involved. Interest groups are anxious about the fact that some the civilian employees were appointed professional soldiers, which, according to the interest groups, has further deteriorated the already low morale.

[Vegh] Brain drain has become a current phenomenon in the army. To my knowledge, 80 percent of those who left their military career found places with satisfactory pay in the civilian sector. This is a great attraction. Newspapers are filled with advertisements seeking discharged soldiers. I can only repeat what is common knowledge: Officers and noncommissioned officers must be paid well. I regard the outflow of manpower as cause for concern, and I cannot rejoice over the fact that as a result of constraints, some of the civilian employees were given uniforms. These things were justified by the level of manpower, and the need for security. Here, at this point, we also got mixed up in a contradictory situation. Namely, the goal would be to obtain certain services from outside the army. But doing so is not permitted by either the regulations, or the principles of financing. Why can't we have a procurement firm like the one the Americans have? One has to understand that the supply service of the American contingent in Hungary is Brown and Root which consists of retired soldiers, who relieve commanders of the burden of providing services. In Hungary, even a cook has to wear uniform, because regulations say so.

[Szabo] How would you characterize the present situation of the army?

[Vegh] We started out with a huge ship to sail through the Panama Canal. As it turned out, the size of the ship was not suited for the crossing, because the ship was too big. We purchased a small ship, and loaded all our belongings on the small ship. Our present concern is that we must wait until the lock is filled with water. The essence of my parable is that we must continually think and rethink what to take along, and what to throw away. How much burden is society able to carry, and what rules should be urgently changed. The following is an example: In the West, recruitment is part of state administration. In Hungary it is done by the army. In today's legal environment even the wisest general can only be a fool, and his actions are governed by a series of constraints instead of by logic.

[Szabo] What is your view of the corps of generals, which you just happened to join?

[Vegh] These gentlemen were propelled by their talents into such high level assignments. But due to their perceptions, convictions and views, this headquarters staff is not homogeneous, but I do not believe that this creates a problem as long as it has no damaging effect on the army. The great exchange of personnel which produces a change in outlook has been going on for years. The big question is how the new ones will be. Today I regard as unresolved the matter that generals retiring upon reaching the upper age limit of 55 do not have many opportunities to apply their knowledge. Area defense reform and attaining the hoped-for membership in NATO would expand opportunities.

[Szabo] How do you view the army itself from your present position?

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[Vegh] The army is hamstrung by customs and centralization. This applies to the staff and to the leadership of troops, and that is dangerous. I myself am experiencing this: They allocate all my time, and I hardly get out to the units. This is so, even though I should be out there, testing the results of decisions, and to hear what their views are on every issue. What I am certain about is this: The troops expected that the transformation would result in improved conditions for those who stay, provided that they complied with the requirements. Pessimism reins supreme by now, and although they still call to account the promises that were made, they are not overly confident that those promises will be kept. They claim that the concentration of forces has failed to materialize, and that serious problems already exist with operating capability. I believe that the trend of losing confidence could be reversed, but only if the processes continue in the open, and are discussed with the commanders.

[Szabo] Don't you think that writing tender invitations for expensive combat helicopters and contemplating aircraft procurement for a hundred billion is extravagant spending by the poor Hungarian army?

[Vegh] NATO prescribed mandatory technical compatibility regarding basic weaponry. This also includes air defense equipment. Our rockets have become antiquated, they are unreliable, and we do not have fighter airplanes other than the Russian MiG-29's received as a gift from the government. We can defend the country only with equipment we can use. This hardly requires proof. These procurement needs are not proof of a self-aggrandizing mania on the part of soldiers. This is also one of the actions taken under constraint.

[Szabo] Would you tell me how you feel?

[Vegh] I am impatient. I am unchanged in the sense that I am attracted by great challenges, but impediments disturb me. The team that would enable me to be strong has yet to evolve. For now I sense support coming from the bottom up, people around me are "getting a taste of me." In addition, I am concerned because I do not see clearly whether the generals really want changes to happen. Another restrictive force is the fact that the selection of appropriate people has not yet taken place.

[Szabo] You have been here for six months and you still live in a hotel. Did they not offer an apartment for you so that your family could also move to Budapest?

[Vegh] No, they did not. I, on the other hand, am not requesting one.

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B-H: Dailies Analyze Karadzic's 'Exit' From Political Scene

LD2005132196 Belgrade TANJUG in English 1258 GMT 20 May 96

["Pool" item]

[FBIS Transcribed Text] Belgrade, May 20 (TANJUG)—By transferring a part of his authorities on Dr. Biljana Plavsic, it seems that the president of the Bosnian Serb state Republika Srpska, Radovan Karadzic decided to exit from the political scene by the back door, Belgrade daily VECERNJE NOVOSTI said on Monday.

VECERNJE NOVOSTI said that Karadzic's move represents an indirect admission that his remaining in the office of Republika Srpska president, since the international community refuses to communicate with him, seriously threatens the realization of the Dayton peace agreement and the survival of the Bosnian Serb state.

The daily said that the Dayton agreement is not subject to negotiation, but is a series of internationally undertaken obligations (and rights) which must be fulfilled in the already determined ways.

The paper said that the Dayton peace agreement bans Karadzic, and others accused of war crimes, from running at the forthcoming elections which are scheduled to be held in late September.

Karadzic's political life was to expire in four months, VECERNJE NOVOSTI said and wondered whether the essential issue remained open.

"One wonders whether the promotion of Plavsic for his successor represents Karadzic's attempt to preserve his political position and maintain his 'hardcore' political platform," VECERNJE NOVOSTI said.

According to the paper, the dilemma stems from the fact that the Bosnian Serb leadership in Dayton, where the agreement was initialed, and in Paris, where it was signed, was represented by Vice-president Dr. Nikola Koljevic, "a more moderate politician than Karadzic and Plavsic."

The removal of Koljevic from Republika Srpska's foreign policy scene could mean that the international community intends to face the fact that "the new negotiator" represents "old positions," VECERNJE NOVOSTI said. The paper warned that such an outcome of Karadzic's (semi) withdrawal was extremely unfavourable for Republika Srpska.

"Everything the Serb people have achieved in the almost four-year war and what has been made official by the Dayton agreement, could easily be gambled away," VECERNJE NOVOSTI said.

Belgrade daily POLITIKA said on Monday that Karadzic had withdrawn after fierce conflicts involving Prime Minister Rajko Kasagic.

POLITIKA said that the list of Karadzic's moves which paved the way for his departure is long. The paper recalled the mockery over the unification with the Republic of Serb Krajina (RSK) and the disputes with Bosanska Krajina and Belgrade, all clearly aimed at pushing the Federal Republic of Yugoslavia into the war even when Bosnian Serb real aims were not threatened.

POLITIKA said that numerous estimates are that Karadzic had long since been overshadowed by current Republika Srpska parliament speaker Momcilo Krajisnik and that after the recent events, which were only a pyrrhic victory, his only option was to withdraw definitively.

B-H: Belgrade Radio: Plavsic 'Acting' Serb President

AU1905135496 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 19 May 96

[FBIS Translated Text] Biljana Plavsic is acting president of the Serb Republic [RS]. In his address to the public, Radovan Karadzic last night said that he had decided to withdraw and that his place would be taken by RS Vice President Biljana Plavsic.

Biljana Plavsic stated last night that, regarding the jobs that have been entrusted to her, the implementation of the Dayton agreement has priority. She said that this means three main things for the RS: peace, further affirmation of the RS, and the consistent implementation of the policy adopted by the RS People's Assembly.

B-H: Karadzic Assigns International Community Role to Plavsic

LD1805170796 Belgrade SRNA in Serbo-Croatian 1633 GMT 18 May 96

[FBIS Translated Text] Sarajevo, 18 May (SRNA)—Radovan Karadzic, president of the Serb Republic, issued a statement that SRNA is transmitting in full:

"The crisis in the functioning of the executive power in the Serb Republic has been overcome in the best possible way—by the complete triumph of democracy.

"The planned and begun destabilization of the Serb Republic through attempts to cause rifts in the leadership and by regional antagonisms has been decisively halted by unanimous decisions of the People's Assembly.

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"The new Prime Minister Gojko Klickovic has received the Assembly's unanimous support, by which the compact government has been consolidated in full.

"More quiet days are ahead of us. During that period, our primary task will be to work on resolving the refugees' status, on employment of demobilized soldiers, on giving a kick-start the economy, on reconstruction of the country, and on preparations of the new laws that should lay foundations for a free society and the market economy. As it is of vital importance that I should concentrate on some of these priorities in the forthcoming period, Biljana Plavsic, vice president of the Serb Republic, in line with the constitution of the Serb Republic, will stand in for me in contacts with the international community and in other entrusted duties."

B-H: Sarajevo 'Not Certain' What Karadzic 'Withdrawal' Means

AU1905132996 Paris AFP in English 1319 GMT 19 May 96

[FBIS Transcribed Text] Sarajevo, May 19 (AFP)—The Bosnian Government said Sunday it hoped that the apparent withdrawal from power of Bosnian Serb leader Radovan Karadzic was not merely a ruse to enable him to continue pulling the strings behind the scenes.

"We hope that the international community has not struck a deal with Radovan Karadzic so he can withdraw from power while remaining active behind the scenes," Bosnian foreign ministry spokesman Mirza Hajric said.

"We are not certain of the significance of this withdrawal," Hajric said, underlining the conflicting nature of the reports surrounding Karadzic's move.

The Bosnian Serb news agency SRNA said Karadzic, an indicted war crimes suspect who as such has been frozen out of the peace process, was merely delegating the key responsibility for dealing with the international community to a deputy, Biljana Plavsic.

But in Belgrade, this was interpreted by the official Tanjug agency as a de facto resignation by Karadzic.

International peace implementers have expressed caution at the move, saying Karadzic could still remain in control in the political hinterland.

B-H: 'Sources' on 'Unfounded' Rumors of Karadzic Resignation

LD1905165196 Belgrade SRNA in Serbo-Croatian 1623 GMT 19 May 96

[FBIS Translated Text] Sarajevo, 19 May (SRNA)—The foreign information media today described the decision by Serb Republic President Radovan Karadzic, that he should be replaced by Vice President Biljana Plavsic in all contacts with the international community and other affairs, as alleged preparedness by the Serb Republic president to step down from the political scene.

World television stations have been reporting throughout the day that Momcilo Krajisnik, speaker of the Serb Republic People's Assembly, "firmly" promised that President Karadzic would resign within 24 hours.

Quoting the office of international mediator Carl Bildt, CNN claims that the speaker has already given verbal assurances and that the written confirmation of the alleged resignation of the Serb Republic president is awaited. SRNA has learned from sources close to Krajisnik that such insinuations are unfounded and it was a question of just another method of pressure on the Serb Republic leadership.

Talks with the international community are no secret. They are being conducted by a four-member delegation of the Serb Republic and, thus, there is no place for such speculations, these sources say.

B-H: Serb Leaders Meet To Consider Bildt Demand

AU1905151096 Paris AFP in English 1439 GMT 19 May 96

[FBIS Transcribed Text] Pale, Bosnia-Herzegovina, May 19 (AFP)—The main hardline leaders of the Bosnian Serbs were meeting Sunday after top civilian official Carl Bildt demanded they make a clear statement that Radovan Karadzic had quit the Serb leadership, reliable sources said here.

Bildt said in Sarajevo Sunday he wanted a clear statement from Karadzic that he was stepping down completely from the Serb leadership after the Serb news agency SRNA carried an ambiguous statement Saturday suggesting Karadzic was stepping down from some functions.

Separate reliable sources in Pale, who cannot be identified, told AFP all the main Serb leaders were attending a meeting in the vicinity of the Serb fiefdom.

They were considering a response to Bildt's demand, the sources said.

The main political leaders of the Bosnian Serbs are considered to be Karadzic, Serb "parliamentary speaker" Momcilo Krajisnik, "vice president" Nikola Koljevic, "vice president" Biljana Plavsic, and "foreign minister" Aleksa Buha.

A spokeswoman at Krajisnik's office at the Hotel Panorama, overlooking Pale, told AFP she did not know where any of the top officials were Sunday.

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She said she had not seen Karadzic for the previous 10 days.

Guards at the gate of the Serb "parliament building"—a former tractor and truck parts factory outside the Serb "capital"—refused to allow reporters into the building.

Serb police posted outside the Panorama Hotel refused Saturday night to allow any press reporters near to a meeting between Krajisnik, Buha and Bildt which started after midnight and ended at 5:30 a.m. (0330 GMT). Police refused to allow even the reporter from the official Serb news agency SRNA close to the meeting, sources in Pale said.

A reporter from AFP was turned away from the meeting early Sunday.

B-H: Bildt To Work With Serbs' New 'Hardline' Officials

AU2005120096 Paris AFP in English 1127 GMT 20 May 96

[FBIS Transcribed Text] Sarajevo, May 20 (AFP)—The top civilian official in Bosnia, Carl Bildt, has agreed to work with new Serb hardliners but has secured a promise that Serb leader Radovan Karadzic will no longer "interfere" in the peace process, his spokesman said Monday.

Colum Murphy said the promise late-night Saturday by Serb officials that Karadzic would no longer "interfere" in the peace process was significant because of the man's charisma.

However, Murphy said Bildt was still seeking a promise in writing, and did not say if the pledge amounted to a specific commitment to resign.

Earlier, a vice president of the Bosnian Serb entity, Biljana Plavsic, dismissed international calls for the resignation of hardline Serb leader Radovan Karadzic. She said "there is no question" of Karadzic resigning.

Murphy said Bildt had decided to work with a new hardliner appointed as prime minister late Friday and with a hardline vice president named Saturday to take over some of Karadzic's responsibilities for dealings with the international community.

Asked if this meant defeat for moderates, Murphy said Bildt was "not jumping for joy" at the nominations.

Plavsic, in particular, was "an extreme hardliner...and an extreme ultranationalist" Murphy told a briefing in Sarajevo.

Karadzic, he said, was "quite clearly seeking to retain his influence" in Serb affairs.

However he described the "promise" made Saturday by another Serb hardliner and Karadzic loyalist, Momcilo Krajisnik, that Karadzic would no longer "interfere" in the peace process as sign of a "sea-change" in Serb thinking.

Bildt had received a "verbal promise" from Krajisnik, "foreign minister" Aleksa Buha and two other senior Serb officials.

Bildt was Monday in Athens meeting NATO chief Javier Solana. Murphy said Karadzic was the main subject of the meeting.

B-H: Plavsic: Karadzic's Resignation Pure Speculation

AU2005115996 Paris AFP in English 1137 GMT 20 May 96

[FBIS Transcribed Text] Banja Luka, Bosnia-Herzegovina, May 20 (AFP)—A vice president of the Bosnian Serb entity dismissed Monday international calls for the resignation of hardline Serb leader Radovan Karadzic.

Biljana Plavsic, promoted by Karadzic to deal with international peacemakers over the weekend in a move interpreted as a withdrawal from power by the Serb leader, said "there is no question" of Karadzic resigning.

Plavsic, one of two vice presidents of the Republika Srpska, said people with "lively imaginations" had interpreted Karadzic's move to make her responsible for links with the international community as a decision to quit.

"It is nothing of the sort," she said. "It's pure speculation," she added.

The international community this weekend turned up the heat on the Bosnian Serbs to unseat Karadzic but the Serbs' political leader, also an indicted war criminal, resisted demands to step down.

The Serb news agency SRNA said a referendum on Karadzic's future could be held soon in Republika Srpska, as the Bosnian Serb entity is known.

Plavsic confirmed that Serb leaders planned a referendum of support for Karadzic and Serb military commander General Ratko Mladic, both of whom have been indicted on genocide charges by a UN tribunal based in The Hague.

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B-H: Plavsic Denies Reports of Karadzic's Resignation

LD2005124796 Belgrade SRNA in Serbo-Croatian 1217 GMT 20 May 96

[FBIS Translated Text] Banja Luka, 20 May (SRNA)—Biljana Plavsic, vice president of the Serb Republic, said in Banja Luka today that "reports about the alleged resignation of Serb Republic President Radovan Karadzic are pure speculation.

"The president of the republic has a constitutional right to pass on some of his duties to the vice presidents, and this is what he has done," Plavsic explained.

She stressed that "the first and most important job is the implementation of the Dayton agreement and the policy set out at a Serb Republic assembly session."

"Karadzic's decision assigned me the task of representing our country before the international community now, in peace time. This is a duty toward both the Serb people and the assembly, whose policy has been planned in line with the Dayton agreement," Plavsic stressed.

As for national interests, Plavsic warned that "no one has the right to meddle in those issues."

Commenting on the implementation of the Dayton agreement, Mrs. Plavsic said that "those who want to take more from Dayton at the expense of the Serb people will not be able to do that."

B-H: Izetbegovic's Office Comments on Karadzic 'Departure'

LD1905190396 Sarajevo Radio Hajat in Serbo-Croatian 1600 GMT 19 May 96

[FBIS Translated Text] Prompted by the news of Radovan Karadzic's alleged departure from the political scene, BH PRESS asked the office of Alija Izetbegovic, president of the Bosnia-Herzegovina Presidency, for its comment:

All circumstances in connection with Karadzic's withdrawal from the political scene are not clear as yet. Reports coming in are still contradictory, and there are no signs that this is not yet another political maneuver. We hope that this is not an unprincipled agreement between certain foreign power centers and Karadzic's regime. As far as we are concerned, there is only one place appropriate for Karadzic and Mladic—in the dock at the Hague international tribunal, BH PRESS has learned from the office of the president of the Bosnia-Herzegovina Presidency.

B-H: Klickovic Promises To Implement Dayton Accord

LD1805143296 Belgrade SRNA in Serbo-Croatian 1250 GMT 18 May 96

[FBIS Translated Text] Sarajevo, 18 May (SRNA)—The new prime minister of the [Bosnian] Serb Republic, Gojko Klickovic, said today that the Serb Republic government would continue to consistently implement all the provisions of the Dayton agreement and that it would also call on the Croat-Muslim federation to do the same.

Following a meeting in Pale with Carl Bildt, high representative of the international community, Klickovic stressed that his first task would be to gather together his ministers as early as next week.

Momcilo Krajisnik, speaker of the People's Assembly, confirmed that the Serb Republic would remain committed to the peace agreement, stressing that at this morning's assembly session, of the 56 present, only one deputy was against the election of Klickovic as new prime minister.

Krajisnik denied that pressure had been exerted on the leadership of the republic, adding that Carl Bildt was "a fine gentleman and diplomat."

In addition to Klickovic and Krajisnik, the meeting with Bildt was also attended by Minister of Foreign Affairs Dr. Aleksa Buha and adviser to the president of the Serb Republic, Jovan Zametica.

B-H: Klickovic 'Firmly' Favors Implementing Dayton Accord

AU2005072896 Paris AFP in English 2057 GMT 19 May 96

[FBIS Transcribed Text] Banja Luka, Bosnia-Herzegovina, May 19 (AFP)—New Bosnian Serb Prime Minister Gojko Klickovic said Sunday he was fiercely opposed to a single state of Bosnia-Herzegovina.

"We must let everybody know that the Serb Republic—which means a Serb state—must exist on these territories west of the Drina (river) because integration within Bosnia-Herzegovina is out of the question," Klickovic told AFP in an interview.

The Drina River separates Serb-held territory in Bosnia-Herzegovina from the rump Yugoslav republic of Serbia.

Under the Dayton peace accords, signed by Serbian President Slobodan Milosevic for the Bosnian Serbs in December, Bosnia-Herzegovina with its Serb and

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Bosnian-Croat entities is to be considered a single nation.

The appointment of nationalist hardliner Klickovic, 40, by Serbian leader Radovan Karadzic was ratified by the Serb parliament Saturday.

He replaces Rajko Kasagic, 53, who had been sacked by Karadzic three days earlier for allegedly making too many concessions.

Despite his separatist views, Klickovic said he was "firmly in favor of implementing the Dayton accords."

"But unlike what happened in the past, we will ask that the Moslem-Croat side stick to its commitments," he said.

"I made that clear to Carl Bildt (the international community's top civilian official overseeing the Bosnian peace process) during our first meeting in Pale" Saturday, he added.

"He told me we had to implement agreements concerning the Serb side. I told him that the two things were closely linked."

Turning to the northern town of Brcko, whose future has yet to be decided by international arbitration, Klickovic insisted it should remain inside the Serb entity.

The Serbs want the Brcko corridor, which is only six kilometres (four miles) wide but connects the two main parts of the Republika Srpska, to be widened to 20 kilometres, notably to establish an aerial corridor.

"The town of Brcko itself cannot be under review because it is part of the 49 percent (of Bosnian territory controlled by the Serbs)," he added, saying that rising tensions around Brcko were an attempt to cut the Republika Srpska in two.

Moslems who used to dominate in Brcko before the war and who still live nearby just across the inter-entity boundary, have repeatedly called on the international community to force their return home.

They fear that Serb refugees flooding into the town from other parts of Bosnia-Herzegovina will make any decision on its status a foregone conclusion.

Klickovic again implicitly criticised his predecessor, saying observers and international mediators had abused his eagerness to resolve problems quickly, mainly to the benefit of the Moslem Croat Federation.

B-H: New Serb PM Suggests 'Separate' Serb State 'Soon'

AU1805154996 Paris AFP in English 1521 GMT 18 May 96

[FBIS Transcribed Text] Pale, Bosnia-Herzegovina, May 18 (AFP)—The newly appointed Bosnian Serb prime minister struck a hard-line stance in first comments to reporters Saturday, suggesting the Serb entity will soon be a separate state and ruling out handing over wanted war criminals.

Gojko Klikovic, whose appointment was approved by the Serb assembly Friday, told reporters here he did not accept that the Serb Republic was part of the Republic of Bosnia, as defined by the Dayton agreement.

The Serb entity and the Moslem-Croat Federation make up the Republic of Bosnia-Herzegovina under the Dayton peace treaty signed in December.

But following the line recently set out by rebel Serb leader Radovan Karadzic, Klickovic, who was appointed prime minister to replace moderate premier Rajko Kasagic at a meeting here late Friday, said he supported a division of Bosnia-Herzegovina into two separate states.

"The two (Serb and Moslem-Croat) entities may be in a loose union until the full process (of separation) is complete," he said.

"It must be clear to everybody. We can live beside each other but not together," he added.

Klickovic also said the Serb people would "never allow" indicted war criminal Radovan Karadzic, the Bosnian Serbs' president, to be sent for trial in The Hague.

"I think that the Serb people would never allow that.... There is no reason for him to go there.... One who fights for the freedom of his people and defends his people cannot be guilty," he said.

Klickovic also said the Serbs would implement the Dayton peace agreement.

"We will fully implement all provisions of the Dayton agreement...but at the same time we shall ask the other side to do the same thing. Each implementation of each condition shall be conditioned by the implementation on the other side," he said.

B-H: Klickovic Says Federation Must Meet Responsibilities

LD1905165896 Belgrade SRNA in Serbo-Croatian 1433 GMT 19 May 96

[FBIS Translated Text] Banja Luka, 19 May (SRNA)—The prime minister of the [Bosnian] Serb Republic, Go-

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jko Klickovic, said in Banja Luka today that the government would work in accordance with the constitution, be at the disposal of the People's Assembly, and people and conduct a global policy, aiming first of all to consolidate the state functions of the Serb Republic.

In a statement for SRNA, Klickovic said that—unlike his predecessor—he would firmly insist on the "reciprocal implementation of all Dayton agreement provisions."

"Whatever the obligations, the Muslim-Croat Federation must implement them in the same way and according to the same principle as we do," he specified, adding that the "Serb side will keep in step with the other side when implementing Dayton agreement annexes."

Klickovic said that the Serb Republic cooperated a great deal in the implementation so far of the Dayton agreement, also speaking about bitter experiences regarding the release of POW's.

"The moment the Muslim-Croat Federation violated the agreement on the release of all POW's and refused to give information about missing fighters and civilians, the talks should have been suspended," Klickovic said.

The most important strategic goal, to which the government will devote special attention, is the accommodation within 60 days of all refugees now in Brcko in abandoned flats and houses.

"If we don't do it, if we don't find accommodation for displaced persons and refugees, the government will have practically done nothing, and we will have to leave it to more capable people to implement the law on abandoned property," Klickovic said.

The prime minister convened the first session of his cabinet for Tuesday, 21 May, to discuss new methods of government work with all the ministers.

"From now on, all ministers will work in one place, i.e., at the government headquarters, to be determined by the People's Assembly very soon," Klickovic added.

B-H: Referendum on Serb Leadership May Be Organized

LD1905181996 Belgrade SRNA in Serbo-Croatian 1758 GMT 19 May 96

[FBIS Translated Text] Sarajevo, 19 May (SRNA)—At the fourth emergency session of the Serb Republic People's Assembly, the prevailing view among the deputies was that if the pressure of the international community on the Serb Republic leadership continued, a referendum would be organized, SRNA has learned from the sources close to the state leadership.

A source close to the Serb Republic government, wishing to remain anonymous, says that in this case there will a referendum "very soon."

The same source says that the referendum will show and prove the true will of the people, and that this will mean Bildt's defeat in his attempts use pressure to remove the state leadership from political and public life.

The fourth emergency session of the assembly ended yesterday afternoon.

B-H: Banja Luka Party Branch Supports Karadzic Decision

LD1805133096 Belgrade SRNA in Serbo-Croatian 1220 GMT 18 May 96

[FBIS Translated Text] Banja Luka, 18th May (SRNA): The members of the municipal committee of the Serb Democratic Party [SDS] of Banja Luka support all the activities of Dr. Radovan Karadzic, president of the [Bosnian] Serb Republic, and stress that he and the People's Assembly have full legitimacy in adopting decisions which are of crucial interest to the Serb nation.

At a meeting today, the members of the largest municipal organization of the SDS strongly condemned and rejected the manner in which the dismissed Prime Minister Rajko Kasagic reacted in public by continuing to ignore the legally adopted decision.

It was assessed that Kasagic had inflicted enormous damage on the Serb nation during his mandate by giving a false picture to representatives of the international community of its mood and allowing major policies in the domestic and foreign sphere to be conducted by Carl Bildt, high representative of the international community.

Living under the constant illusion that help would arrive from elsewhere, Kasagic completely neglected the solution of internal issues, in particular, the question of the revival of industrial production, even though it is well known that he did not succeed in winning a single dollar's worth of aid for the Serb Republic, the municipal committee of the Banja Luka SDS said.

However, the most serious thing is that Kasagic did not accept his dismissal in a dignified manner but continued, with the help of Carl Bildt and Javier Solana, to make catastrophic moves to the detriment of the entire Serb nation, the Banja Luka SDS stressed.

Today's meeting was attended by Rajko Kasagic who, after repeating his assertion that he acted with the best intentions, walked out of the meeting without hearing the views of the remaining members of the municipal committee.

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At the end of the meeting, the Banja Luka SDS endorsed the conclusions of the Business Managers' Club on measures to revive industrial production, and for the first time an official initiative was launched to proclaim Banja Luka the capital of the Serb Republic.

B-H: UN Diplomatic Circles Said Uneasy Over Kasagic Sacking

LD1805131596 Belgrade TANJUG in English 1237 GMT 18 May 96

["Pool" item by Stevan Cordas]

[FBIS Transcribed Text] Geneva, May 18 (TANJUG)—Diplomatic circles in Geneva said on Friday that the dismissal of Rajko Kasagic, the prime minister of the Republika Srpska [RS], the Serb entity in Bosnia-Herzegovina, may destabilize the entire region.

There was no official reaction at the Palace of Nations in Geneva following Kasagic's removal which is quite understandable given that the United Nations rarely makes assessments of political games around the globe.

Sources, however, said that U.N. officials in Bosnia would continue to work with Kasagic and discuss activities on the return of displaced persons and refugees and post-war reconstruction of Bosnia-Herzegovina.

Well-informed sources in Bern said that the Organization for European Security and Cooperation (OSCE), whose 1996 presidency is assumed by Switzerland, would solely contact with Kasagic. [sentence as received]

Kasagic had a very complicated and difficult task before him—to remove the international hatred for Serbs since 1991. He had limited possibilities and worked in extremely difficult times but he has succeded to a large extent, a representative of an important U.N. organization in Geneva told TANJUG's correspondent.

RS President Radovan Karadzic removed Kasagic on Wednesday alleging the prime minister had been arbitrary in conducting state policy and had overstepped authority. Kasagic said that he did not recognize the dismissal until the RS parliament made the decision.

Analysts at the Geneva Palace of Nations fear that the latest political crisis in the Republika Srpska may adversely affect preparations for elections in Bosnia, planned to be held on September 14.

The United Nations and the OSCE will not approve Karadzic's candidacy at the elections. It is believed that by removing Kasagic, Karadzic has announced his candidacy, which diplomatic circles in Geneva view as the worst possible development in the current phase of the peace process in Bosnia-Herzegovina.

B-H: Dodik's Party 'Strongly Condemns' Kasgic's Ouster

AU1705155496 (Clandestine) Krajina Radio in Serbo-Croatian 1000 GMT 16 May 96

[FBIS Translated Text] The Party of Independent Social Democrats of the Serb Republic has issued a statement reacting to the dismissal of Prime Minister Rajko Kasagic. The Serb Republic Party of Independent Social Democrats strongly condemns the dismissal of Prime Minister Rajko Kasagic. The way in which the prime minister was dismissed fits into the familiar undemocratic methods of political activity and leads to further destabilization of the Serb Republic's political scene and to a definite separation of the Pale political leadership, who are placing their personal interests above the interests of the Serb people. The dismissal of the prime minister is a step toward the disunity of the Serb people in the Serb Republic and clear proof that the hypocrisy of the ruling party, which presents itself as the only political option that can ensure the unity of the Serb people, but solely on their political platform—and we have seen how wrong that is—while actually they are doing everything to make the situation in the Serb Republic as unstable as possible, because only under such conditions and following the principle of "divide and conquer" can they find an excuse for their destructive policy. If the Serb Democratic Party leaders in Pale dared dismiss, in such an unscrupulous way, this loyal member from the Krajina, the prime minister whom they themselves appointed, what lies in store for other Serbs in the Krajina and the Serb Republic? To be dismissed or made political hostages of individuals who subordinate the political interest of the people to holding on to power. The Party of Independent Social Democrats lends support to Prime Minister Kasagic in the implementation of the peace policy on the basis of the Dayton accord and the true interests of the Serb people in the region.

Signed Milorad Dodik, party president.

B-H: Serb Opposition Party Says Kasagic's Removal 'Suicidal'

AU1705153896 (Clandestine) Krajina Radio in Serbo-Croatian 1000 GMT 16 May 96

[FBIS Translated Text] The Serb Republic Social Liberal Party [Banja Luka-based opposition party] has issued a statement reacting to Prime Minister Rajko Kasagic's dismissal which reads:

Mr. Radovan Karadzic has made a suicidal move by dismissing prime minister Kasagic and that is why we consider the move to be a useful one. Mr. Karadzic has dismissed a man who, during his brief mandate, did

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much to open the Serb Republic toward the world, as well as toward the Bosnia-Herzegovina Federation, in trying to pave the way toward rebuilding and development of the country and for the implementation of the Dayton accord in all aspects of civilian life. Karadzic characterized this activity by the prime minister as hostile and against the people, which is senseless, to say the least, and could not be further from the truth. Radovan Karadzic has once again shown that he is not only working against the Dayton accord, but also against the interests of the Serb people. We, therefore, lend full support to Mr. Rajko Kasagic and all those who really want a better and happier future for this country.

Signed Miodrag Zivanovic, party president.

B-H: Serb Intellectuals in Banja Luka Favor Kasagic Policies

AU1805144096 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 18 May 96

[Report by Branislav Bozic from Banja Luka]

[FBIS Translated Text] Serious clashes have occurred within the political leadership of the Serb Republic [RS], which could lead to divisions that have unforseeable consequences for the fate of the Serb people. This was stated at the session of the Serb Intellectuals' Forum in Banja Luka last night. Branislav Bozic reports:

[Bozic] A clash has occurred between two diametrically opposed concepts of how to resolve the essential problems in the organization and future of the RS. According to the Serb Intellectuals' Forum, Dr. Radovan Karadzic's concept leads to the isolation of the RS, while that of Rajko Kasagic is based on the implementation of the Dayton agreement and cooperation with the international community. The Serb Republic cannot survive without such an approach.

The fact is that the international community has adopted an attitude toward the Serb Republic that is different than that adopted toward the Muslim-Croat federation. However, the very inflexible attitude of the RS leadership has also contributed to this situation, a statement issued by the Serb Intellectual Forum says.

Owing to this political crisis, the forum proposes three things: First, that a government of experts be set up. This government ought to consist of proven experts, regardless of their party affiliation. The main course of this government would be one based on the Dayton agreement. Second, the government should move to Banja Luka, where all the conditions for its work exist. And third, the forum appeals to the top state leadership and the RS Assembly to state clearly and publicly what their intentions are with regard to the implementation of the Dayton agreement.

The Serb Intellectuals' Forum is made up of the most prominent university professors, doctors, and other local experts.

B-H: RS's Koljevic Warns of Possible Croat-Muslim Attack

LD1705211596 Belgrade SRNA in Serbo-Croatian 1926 GMT 17 May 96

[FBIS Translated Text] Belgrade, 17 May (SRNA)—In an interview to the weekly JAVNOST to be published tomorrow, Nikola Koljevic, vice president of the Serb Republic [RS], said that he was confident the RS was "approaching the state of permanent peace" because "the Serb nation is psychologically committed to peace."

"I am not sure this is the case with the Croat-Muslim Federation. According to the latest information, extensive armed preparations are going on in the areas of Sanski Most and Cazin Krajina for a possible attack on the Serb Republic," Koljevic said.

He indicated that there was a realistic possibility of an attack by Muslim units against its federal partners, "as the basic ideological differences between them are serious and are a cause for concern."

"Unlike the Muslims, Croats within the Federation do not possess a compact territory. That is why they are advocating equality between peoples and not cantons, something the Muslims are opposed to," Koljevic added.

Speaking about the possible consequences of the Croat-Muslim conflict for the RS, Prof. Koljevic said that this could not be an internal political affair of the Croats and Muslims alone.

"We, too, are too much in the old Bosnian cooking pot, so it is difficult to imagine this conflict not having an impact on the Serb Republic," its vice president explained.

Prof. Koljevic said that in the upcoming elections the creation of means that prevent abuse and falsification should be demanded.

Asked why the Serbs are not demanding direct voting [as received], as has been demanded by the Croats in Mostar, the RS's vice president explained that "the Croats have mentors, unlike the Serbs."

Asked by what means one might achieve the abandonment of enforced Bosnia-Herzegovina creations and unification with Serbia and Yugoslavia, Prof. Koljevic replied: "By cooperation within the Dayton agreement, but not over and above this."

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B-H: Indicted Bosnian Serb Claims 'Mistaken Identity'

AU1705124796 Paris AFP in English 1237 GMT 17 May 96

[FBIS Transcribed Text] The Hague, May 17 (AFP)—Bosnian Serb warcrimes suspect Goran Lajic pleaded not guilty Friday to charges of crimes against humanity at a UN tribunal here, as his lawyer warned his claim of mistaken identity was a risky line of defence.

Lajic told the International Criminal Tribunal for the former Yugoslavia that he was "not the Lajic charged (by the court) and I have never been to the places where the crimes of which I am accused were committed."

However, his defence lawyer Toma Fila later told AFP that Lajic was taking "a very great risk in denying he is the person wanted" by the tribunal.

"I explained to Lajic that the line of defence that he had chosen was the most dangerous, and that if he was bluffing it could have serious consequences.

"I have been defending cases for 20 years and I have never won a case defending in that way...which doesn't mean we won't win this time," he added.

However, Fila said Lajic was a very common name in Bosnia-Herzegovina and confusion with a similar name was possible.

The court meanwhile ordered that a photo of the suspect be handed to trial witnesses, so they could confirm the accused was the man who they believe beat and tortured them.

Lajic appears on a list of 57 people suspected of crimes against humanity during the nearly four-year war in the former Yugoslav republic. He is accused of torturing, beating and killing numerous Bosnian Moslem and Bosnian Croat prisoners held in the Keraterm camp in northwest Bosnia in 1992.

According to the tribunal, he was directly involved in the murder of five prisoners. Deputy prosecutor Grant Niemann said he would draw up separate charges against Lajic from the Keraterm dossier, which lists 12 suspects. The remaining indictees are still at large.

Lajic, 28, had been held in custody in Germany since his arrest on March 18 near the southern city of Nuremberg. He was handed over to UN authorities on Monday.

B-H: Milosevic Seen Using Both Factions of Bosnian Serbs

LD1905192296 Mostar Croatian Radio Herzeg-Bosnia in Serbo-Croatian 1600 GMT 19 May 96

[Commentary by Jozo Curic]

[FBIS Translated Excerpt] Aided by [Bosnian Serb President] Slobodan Milosevic, Carl Bildt, and IFOR [Implementation Force], former Prime Minister Rajko Kasagic managed to rally 28 Bosnian Serb deputies from northern Bosnia and Banja Luka. This group of deputies supports Dayton; they are technocrats who want capitalism and trade with Serbia. The western countries have financed this first major opposition movement against Karadzic.

In the other flashpoint in Pale, Karadzic, Biljana Plavsic, Momcilo Krajisnik, and their regime cannot be bought with European money. They have rallied most of the Serb Republic deputies. They also enjoy Milosevic's support through General Mladic and a part of his army. They enjoy the support of a number of political circles in the United States, Russia, and Belgrade.

Pale was stronger than Banja Luka last night despite all the Western support granted to Kasagic. Karadzic dismissed him and appointed Gojko Klickovic, a loyalist and Bosnian version of Milan Martic [former leader of Croatian Serbs]. Klickovic, Krajisnik, and Karadzic have all issued similar statements, saying that they are in favor of the Dayton peace accord, but there is no way they will accept integration into a unitary Bosnia. They want a pure, independent Serb Republic. [passage omitted]

Milosevic has promised the Americans and Germans that he would help the Banja Luka faction, but he has also been using Mladic to control the Pale generals. The Americans want to isolate Karadzic, but he is still useful to Belgrade and able to deploy his people wherever he wants.

The question now is how to cause a rift among the Serbs when both factions are being used by Milosevic.

B-H: Karadzic Gives Interview, Stresses 'Unity' of SDS

LD1705163996 Belgrade SRNA in Serbo-Croatian 1226 GMT 17 May 96

[FBIS Translated Text] Belgrade, 17 May (SRNA)—Dr. Radovan Karadzic, president of the [Bosnian] Serb Republic, has warned that a part of the international community is openly attempting to divide and decentralize the leadership of the Serb Republic and stressed that such attempts are in vain.

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In an exclusive interview to the Belgrade weekly ARGUMENT, President Karadzic stressed that these attempts are largely "based on communicating at different levels with the Serb Republic government and arranging meetings in different places."

Stressing the key role of the Serb Democratic Party [SDS] in preserving the state integrity of the Serb Republic, President Karadzic stressed that there is unity in the party despite attempts from outside to introduce disagreement and division into its ranks.

This unity is not the result of a strong-arm regime, but rule with "a light touch and firm principles," the Serb Republic president stressed, recalling that the catastrophe in the Republic of Serb Krajina [former self-declared Serb republic in Croatia] began with the division of the SDS into two and then four parties.

"If we had created a strong and authoritative SDS sooner, along the lines of the BAS [not further identified] party in all the Serb lands, I believe that rather than softening the division in the Republic of Serb Krajina, we would have completely prevented it," President Karadzic said in the interview to ARGUMENT and noted:

"We have intelligence information from the grassroots according to which attempts are being made in the Serb Republic to split the SDS, the Serb leadership, and the Serb national identity, but the people can recognize these attempts and there are frequent calls for us to firmly put a stop to this."

Commenting on relations between the military and political structures of the Serb Republic, President Karadzic said in the interview to ARGUMENT that the "situation in that area is now excellent."

Speaking about relations with Slobodan Milosevic, Dr. Karadzic stressed that the entire leadership of the Serb Republic "has great esteem for the president of Serbia, and all Serbian, Montenegrin, and Yugoslav officials."

"We know the kind of pressure he is under and the conditions in which Serbia has been living, but in spite of this, we have the support of the majority, if not all, Serbs on the other side of the River Drina," Dr. Karadzic added.

The president of the Serb Republic reiterated that the Serb side "has not and cannot agree to the transfer of the IFOR [Implementation Force] headquarters to Banja Luka." "They may," he said, "come to Banja Luka by force, but what is important is that we do not accept what is unacceptable to us.

"We are determined to preserve our nation and country, and we know that we will see the back of every foreigner, as we saw the back of the Turkish and Austro-Hungarian empires," the president of the Serb Republic concludes in the exclusive interview to ARGUMENT.

Six months after the signing of the Dayton peace agreement, it is clear that it is primarily up to the Serbs of the Serb Republic whether they will preserve their own state, President Karadzic stressed in the interview to ARGUMENT.

"We have gained a state which they are trying to destroy again with their political games and to integrate us into Bosnia," Dr. Karadzic said and noted that "some of our new and inexperienced politicians, who have not participated in our political struggle from the beginning, very often do not understand the processes that are taking place."

The Serb Republic president stressed that "although these politicians are making the wrong statements, the majority of the leadership remains consistent in the implementation of state policy, which is being carried through and is yielding good results."

"We would indeed be to blame if we were to allow ourselves to lose in political games what we have gained politically and militarily, and that is the Serb Republic," Karadzic concluded.

In reply to a journalist's question about the different interpretations of arbitration for Brcko, President Karadzic said that "the town of Brcko itself and the existing corridor of 6 km cannot be the subject of arbitration."

"If we take this position and do not reach agreement with the Muslim side on the subject of arbitration—and there should be a corridor of 20 km—the Dayton agreement prescribes that the existing regime should remain in force."

Karadzic reassured the population of the Serb Republic, particularly its western part and the citizens of Brcko itself, that "they can put their minds at rest," and expressed the view that the outcome of the arbitration would probably be the present borders between the Serb and Muslim-Croat Federation.

B-H: Federation Vice President Comments on Washington Talks

LD1805232796 Sarajevo Televizija Bosne i Hercegovine in Serbo-Croatian 2000 GMT 18 May 96

[FBIS Translated Text] The topic of our news bulletin is the Federation. At the beginning of this week a meeting was held in Washington between the representatives of the Federation, the U.S. President, and the Federation's supervisors. From Washington and from the delegation

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members upon their return home, all we could hear were statements on new agreements, new deadlines, and new resolutions. In practice, everything is just as it used to be. In order to avoid monotonous political statements, we asked Federation Vice President Ejup Ganic to answer directly several questions, such as who is responsible for the inactivity of the Federation, whether there will be dismissals and resignations, and what does the three-year deadline for the formation of the Bosnia-Herzegovina army mean.

[Begin recording] [Unidentified correspondent] Three years are needed for this integration. Could it have been possible to agree on a shorter term to achieve this?

[Ganic] We tried. The Croat side refused integration. They do not want integration at all. We wanted this integration to be completed by tomorrow. The fusion of two parts into one was the key of the negotiations in Washington.

Between the Croats' demand to the effect that the integration is never to be completed, that there is no fusion of parts, and our demand that it be done immediately, with the help of the Americans we succeeded in ensuring that this process should be concluded in three years at the latest.

[Correspondent] How long does the Federation really need to become operational?

[Ganic] You see, the Federation covers 51 percent of the territory of Bosnia-Herzegovina and 100 percent of Bosnia-Herzegovina's problems, deadlines, agreements, etc. Believe me, our side is not the reason those deadlines and agreements were drawn up. We are trying to set in motion the Croat side and speed up that process with the help of the international community.

[Correspondent] Article 8 of the Geneva Declaration says that you and [Federation President] Zubak will dismiss those who within a set period of time do not fulfill the tasks they have been charged with. Did you discuss this in Washington?

[Ganic] In Washington we discussed human rights and agreed that there can be no compromise. Those violating human rights must be removed. On the other hand, as far as my obligations are concerned, I have fulfilled what was agreed. We have agreed that the Croats should return to Bugojno, to their private homes. They still have not appeared. That is the problem. We have agreed for the Croats to return to Travnik. That has been accomplished with more than 100 percent of the agreed number. However, we will not be making it conditional upon percentages. Everyone must enjoy the right of return.

[Correspondent] Agreements are always being signed, but their provisions when implemented on the ground encounter great difficulties. Could we finally tell the viewers where the problem lies and why? Is it always necessary to make concessions to someone? Why?

[Ganic] Talk to the Croat side. Agreements are being signed because of the Croat side. We, the Bosniaks, have no alternative, neither left nor right.

[Correspondent] So the problem lies with them?

[Ganic] Absolutely.

[Correspondent] Is it really necessary to go abroad for the federal partners to reach agreement? Is it possible to solve Federation problems within the Federation?

[Ganic] I really do like the Sarajevo climate. Not only the Sarajevo climate, but anywhere in Bosnia. It seems to me that the others become more productive after they have had a walk.

[Correspondent] Have you ever, deep inside, been in a situation where you thought that it would be best to resign? Are you going to resign?

[Ganic] I am a member of the Bosnia-Herzegovina Presidency, the highest institution of this country. I have accepted the post in the Federation in order to be able, using both the authority of the Presidency and my personal authority, to boost the Federation as much as possible.

As far as resignation is concerned, first, I do not think that my popularity is so low that it warrants my resignation. Usually in Bosnia, it is done when one is in a crisis or is searching for a way out. I work as much as I can. There are results. In the political sense, resignation as seen through Bosnian eyes is a way to convince people how nice a certain politician is.

You see how nice he is, he does not want to have a function. He is devoted to his work and is running away from power. But it is a twisted picture of the problem. When this process is over, some new people should lead the revival and further reconstruction. The generation that took part in the defense of Bosnia, in the consolidation of Bosnia, in a way in the salvation of Bosnia, will always have its place. However, we must make space for competition, for those who can do better, who can do more. To tell you the truth, it is with this principle that I feel very much at ease. [end recording]

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B-H: Gen Delic: Unified Army Technically Possible by Jan

AU1805155596 Paris AFP in English 1419 GMT 18 May 96

[FBIS Transcribed Text] Sarajevo, May 18 (AFP)—A unified Bosnian army comprising merged Moslem and Croat units would be technically possible as early as January, given the political will, the Bosnian army chief said in an interview published Saturday.

Both halves of the Moslem-Croat Federation agreed in Washington earlier this week to merge their two armies within three years, but General Rasim Delic said the timetable was "more the result of a political compromise that military reasoning."

"It is technically possible to have one army next year," Delic told the OSLOBODJENJE newspaper. "But it is in the Croats' political interests not to have one unified federal army," he said.

Formed in March 1994 under the aegis of the United States to end a year of fierce fighting between the two sides, the Federation has been marred by ethnic tensions which have surfaced with disturbing regularity.

The two sides have their own armies and, in some areas, clearly defined borders.

US military aid to the Federation is conditional on the unification of the two armies, and military aid is expected to flow into Bosnia-Herzegovina once the integration begins.

Delic, a Moslem, said that allowing conscripts to choose in which units they can do their military service was also down to "political reasons."

The Moslems are in favour of a unified army without an ethnic identity, Delic said. The minority Croats are believed to want protection for their ethnic identity within a "unified" army.

B-H: Komsic, German Minister on Refugees, Mostar Situation

AU1705203996 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 17 May 96

[FBIS Translated Excerpt] State Presidency member Ivo Komsic and Republican Minister Dragoljub Stojanovic today received German Minister Carl-Dieter Spranger. Before coming to Sarajevo, Minister Spranger visited Mostar where he commissioned two bridges. Tomorrow in Tuzla he will commission 43 residential buildings within the 300,000 houses project.

Following their talks in Sarajevo today, Ivo Komsic and Minister Spranger addressed journalists. Here is a report by Sound Technician Arnan Ibricevic and Correspondent Stevo Latinovic;

[Begin recording] [Latinovic] Thanking the German people and government for their help to Bosnia-Herzegovina and the accommodation of our refugees, Professor Komsic said:

[Komsic] We talked about the [words indistinct] furthering economic cooperation and that we should turn the economic aid, which had so far been humanitarian and intervention, here in Bosnia-Herzegovina into permanent economic cooperation. Of course, a large part of the talks was devoted to the position of our refugees in the FRG and the possibility of their return. We agreed that we cannot return these people without ensuring their dignified and secure return into our country. [passage omitted]

[Latinovic] Stressing that Germany and Bosnia-Herzegovina have maintained good cooperation for a long time, Minister Spranger said that his visit in Sarajevo is the conclusion of a successful visit by the German delegation that with a visit to Bundeswehr forces in Split, which play a significant role together with IFOR [Implementation force] and with [words indistinct].

[Spranger in German with superimposed Serbo-Croatian translation] Today, in Mostar, I commissioned two bridges. [passage omitted] I am thankful for the hospitality as we were very cordially received. However, I shall not conceal that, in Mostar today, we had problems with certain responsible people from the Croat side. We could not commission a railway bridge because, contrary to all agreements, a Croat flag was put there. At a reception hosted for me, Croat policemen came and wanted to arrest a member of [words indistinct] without any explanation. German police intervened and (?prevented that). This did not benefit the interests of the Croat side. German journalists noted the Croats' behavior. I think that the Croatian ambassador [words indistinct] about the atmosphere in Mostar. Even more so, (?many thanks to you). [end recording]

B-H: Kapetanovic Views Accord With Croatia on Ploce, Neum

AU2005130196 Sarajevo DNEVNI AVAZ in Serbo-Croatian 13 May 96 p 3

[Interview with Dr. Izudin Kapetanovic, prime minister of the Bosnia-Herzegovina Federation, by Almasa Bajric; place and date not given: "There Will Be No Exchange of Neum for Ploce"]

[FBIS Translated Text] According to the assessment of Dr. Izudin Kapetanovic, the prime minister of

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the Federation of Bosnia-Herzegovina, the second session of Council for Cooperation Between Croatia and Bosnia-Herzegovina, or rather the Federation of Bosnia-Herzegovina, took place in a very constructive atmosphere and resulted in concrete measures. A number of activities that will lead to the signing of other agreements in the coming period were also initiated.

[Kapetanovic] The session was divided into two parts. The first was devoted to the affirmation of the Federation authorities and then there was a discussion on the agreement on Bosnia-Herzegovina's use of the port of Ploce and undisturbed passage through Bosnia-Herzegovina, that is through Neum, for Croatian citizens. These agreements were signed for a period of one year. It was agreed that the Council would lend its support to the expert teams that are to work on turning these agreements into lasting ones.

Unacceptable Estimates

[Bajric] Can you give us a more detailed analysis of the agreement on property-rights relations?

[Kapetanovic] We insisted on three subjects that are very important to us. The first is that the tax system in Croatia is linked to the tax system in the Federation, that is, that Bosnia-Herzegovina Federation citizens are treated by Croatia's tax system in the same way as Croatian citizens. The same treatment is also being required for savings and we also talked about property being confiscated, primarily passenger cars. We agreed that all property taken by the Croatian authorities where there is a receipt will be liable for compensation. This agreement on property rights has been reached, so the only thing left to be done is for the Governments of Croatia and Bosnia-Herzegovina to ratify the agreement within 15 days, after which it will be signed.

[Bajric] What issues related to the implementation of the Federation were covered?

[Kapetanovic] We talked about relations within the institutions of the Federation of Bosnia-Herzegovina and these were largely estimated as positive. We also discussed problems regarding the Law on Defense, the elections in Mostar, and new municipalities in the Federation.

[Bajric] Can you explain to us in more detail the Croatian Government's request to the Federation Government and the government of Sarajevo that they resolve the question of the return of Croats to Sarajevo?

[Kapetanovic] At the session, it was said that 8,000 Croats wanted to return to Sarajevo, but that the authorities are preventing it. I think that this is an unreasonable estimate. Sarajevo is an open city and there are data to show how many people return to the city every day. If such figures are put into context with the events in Doglodi [outlying district of Sarajevo, where local Croatian residents have alleged harassment by Federation police], I think that one has to approach it with arguments and check what it is about. If we started listing individual cases regarding human rights in territory under the control of the HVO [Croatian Defense Council], we could produce a number of negative examples. Our position is that we cannot make the solving of one problem dependent on the solving of another. We must remove the irregularities and move on.

Road Without Customs

[Bajric] Part of the port of Ploce is on the state territory of Bosnia-Herzegovina. What does this mean?

[Kapetanovic] According to the Washington treaty, the port of Ploce was recommended to be used by Bosnia-Herzegovina for a period of 99 years. This agreement has a somewhat different concept: It is about the utilization of the port of Ploce, possibilities of processing, repacking, and so on, and using the road without interference from either customs service. This is slightly at variance from the concept signed in Washington, but work has to start and we have agreed to such a treaty, and in the following one-year period, during the practical implementation of the agreement, we will try to make concrete criticisms and take better steps.

[Bajric] In what directions will such attempts be made?

[Kapetanovic] The final objective is what was envisaged by the Washington treaty, that is, the use of the port of Ploce for a period of 99 years.

[Bajric] There are rumors about the exchange of territories between Bosnia-Herzegovina and Croatia. Part of the port of Ploce for part of Neum. Is there any truth in these rumors?

[Kapetanovic] None at all. Both countries will maintain their sovereignties. We are simply allowing free passage through Neum on the E-65 road, which links the eastern and western parts of Neum. Across that part of our territory the Croats can pass from one part of Croatia into another unhindered, without stopping and without customs inspections, Dr. Izudin Kapetanovic, the prime minister of the Federation Government, said in his interview for DNEVNI AVAZ.

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B-H: Susak Assures Bosnian Croats of Defense Commitment

LD1905184096 Mostar Croatian Radio Herzeg-Bosnia in Serbo-Croatian 1600 GMT 19 May 96

[FBIS Translated Excerpt] We have a report by Ivo Raguz from Stolac where the Croatian Democratic Union of Bosnia-Herzegovina [HDZ] organized a public debate.

[Raguz] The local movie theater in Stolac was not big enough to hold everyone who wanted to attend today's town meeting with Croatian Defense Minister Gojko Susak; Kresimir Zubak, president of the Federation of Bosnia-Herzegovina; Bozo Rajic, president of the Bosnia-Herzegovina HDZ; Vladimir Soljic, defense minister of the Croat Republic of Herzeg-Bosnia and of the Federation of Bosnia-Herzegovina; General Nedjeljko Obradovic, honorary citizen of the town of Stolac; the mayors of Stolac, Capljina, Neum, and Ravno; and other guests and officials. At the start and throughout the meeting they were all greeted with tumultuous applause. It should be said that a constructive atmosphere was maintained throughout the meeting.

In addition to the Muslim representatives on the interim Stolac municipal committee, the public meeting should have been attended by Dr. Ejup Ganic, vice president of the Federation of Bosnia-Herzegovina, but, according to Zubak, he was allegedly mobbed by people in eastern Mostar—a group of about 300 people of Muslim nationality blocked his way, thus preventing him from coming to Stolac unless they were allowed to accompany him. The meeting in Stolac was delayed 30 minutes in waiting for Ganic to show up.

At the beginning of the meeting, Dr. Andjelko Markovic, mayor of Stolac, outlined the chronology of the war and postwar period in the Stolac area. Taking the floor after him, Zubak spoke in favor of the Bosnia-Herzegovina Federation and its implementation. He said: the Bosnian Croats fully support this but it is the Muslim side that often fails to carry out what has been agreed. The failure by Dr. Ganic to visit Stolac is yet another mockery of the agreement recently reached in Zagreb.

Susak was greeted by tumultuous applause as he took the floor. He passed on greetings to the people of Stolac from Croatian President Dr. Franjo Tudjman and said: I will speak on my own behalf and on behalf of Ganic, who—would you believe it—was mobbed by the people. Susak also said, among other things, that in the postwar period we must not forget those who made great contributions to the defense of the historically Croat regions. He described the reconstruction of these areas, which must be stepped up, as a condition for survival in these parts. He went on to say: no one can come here as a master, only if you give your go-ahead. You defended this area and you can rest assured that we will always be with you and that as far as we are concerned, Stolac is as important as, for instance, Cakovec and that, if necessary, it will be defended by one army, just like Zagreb would be.

Bozo Rajic, president of the Bosnia-Herzegovina HDZ, stressed the need for unity among Croats, saying that everyone else is capable of selling you out but you can win only with the HDZ.

Soljic said that although they never wanted war, the Croats came out of it as winners and that they would not allow the loss of their gains in peacetime. If Ganic was mobbed by the people, I was twice mobbed by Ganic when he prevented me from representing Croats at international meetings, he said. [passage omitted]

B-H: Croatia's Susak Speaks With Livno Residents

LD1805194396 Mostar Croatian Radio Herzeg-Bosnia in Serbo-Croatian 1600 GMT 18 May 96

[FBIS Translated Excerpt] The topic of today's roundtable—Livno, the potential and future of the municipality with emphasis on the economy—was held in a full hall at the People's University in Livno. The guests were Croatian Defense Minister Gojko Susak; Vladimir Soljic, Bosnian Federation defense minister; and Bozo Rajic, the president of the Bosnia-Herzegovina HDZ [Croatian Democratic Union]. Zeljka Mihaljevic reports from Livno:

[Mihaljevic] [Passage omitted] At the end of the very heated roundtable debate, Susak spoke. He wanted to know what the residents of Livno were discussing, because now, for the first time, they have their own authority. Still, they threaten to leave. He wanted to know what, in that case, the Croats from Vitez and Busovaca should say.

He said he hoped that there would be talk about future action and added that without the Livno residents' initiative, there could no answers. They are the only ones who know the potential and the resources of this area.

After winning in the war up to now, it makes no sense to be defeated in peace, Susak said. He continued: You cannot make any more mistakes. I have secured this with the army. You may oust the HDZ, but you will have to choose Croat authority. That is what I am interested in at this moment. There is no other choice to be made here in Livno. You will bring to power a Croat party—because we have fought to ensure that no other can come to power.

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B-H: Incident With Croat Flag Mars Opening of Mostar Bridge

AU1705185396 Paris AFP in English 1836 GMT 17 May 96

[FBIS Transcribed Excerpt] Sarajevo, May 17 (AFP)—Bosnian Croats in the divided city of Mostar marred a ceremony Friday marking the reopening of a railway bridge by raising a Croat flag, a German minister said.

A separate ceremony to open another bridge along the same key rail line, from Sarajevo to the Croatian port of Ploce, went off without a hitch. This was in the Muslim sector of the Mostar, in southern Bosnia-Herzegovina.

Germany provided 7.5 million dollars to rebuild both bridges, destroyed in Muslim-Croat fighting in 1993 and 1994.

But in the Croat sector of the city, a Croat flag was raised during the ceremony in violation of regulations imposed by the city's European Union administrators which bar any national symbols at such proceedings.

"We could not open one of the bridges today because a Bosnian Croat flag was raised there contrary to all previous agreements," said Carl-Dietrich Spranger, German Minister for Development and Cooperation.

Spranger was to have presided over the reopening of both bridges, located north and south of the city.

"Since it is not a Croat project, but it is to the benefit of the whole population, we said we were not going to participate in such an opening ceremony," Spranger said.

News reports from Mostar said that after Spranger left, the bridge was in fact reopened. [passage omitted]

B-H: Mostar EU Representative Postpones Local Elections

LD1805115196 Cologne Deutschlandfunk Network in German 1100 GMT 18 May 96

[FBIS Translated Text] The local elections scheduled for the end of May in the Herzegovina capital Mostar will have to be postponed, the EU's representative in the city, Hans Birchler, confirmed on Deutschlandfunk Radio today.

He said the period until 31 May was not sufficient to prepare the elections. He said the Bosnian parties had yet to submit any electoral lists. He said no new date for the elections had been set.

Birchler said the situation had become deadlocked and required an urgent compromise. The postponement did not, however, represent a blow to the Dayton peace accord, he said.

B-H: Mostar Muslim Mayor Says Elections 'Cannot Be Held'

LD1805151696 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 18 May 96

[FBIS Translated Excerpt] The elections in Mostar cannot be held until all Mostar citizens are allowed to take part, Safet Orucevic, the Muslim mayor of [East] Mostar, said today. Explaining his opinion, Orucevic said that early elections in Mostar would not be able to be held unless there was agreement at the highest level on the election rules. If there is no such agreement, he added, Mostar would take part in the nationwide elections scheduled for September. [passage omitted]

B-H: Mostar EU Administrator Firm on 31 May Election Date

AU1805140396 Paris AFP in English 1155 GMT 18 May 96

[FBIS Transcribed Excerpt] Mostar, Bosnia-Herzegovina, May 18 (AFP)—The EU administrator in the divided city of Mostar in southern Herzegovina on Saturday said municipal elections would be held May 31 as planned.

Ricardo Perez Casado of Spain denied a statement earlier Saturday by a European Union official here, Hans Birchler, that the election date in this ethnically divided city would be put off "for technical reasons."

Tensions between Mostar's Croat and Muslim communities have remained high despite EU bids to reunite them.

The city was put under EU administration in July 1994 after months of heavy fighting between nationalist groups from the two communities.

"Negotiations are still on-going at all levels and I cannot make a decision without earlier consultations with the Italian EU presidency," said Perez Casado.

Birchler had said that "for technical reasons we are no longer able to pursue the organization of these elections."

But Perez Casado said this was Bichler's personal opinion.

In Brussels, a European Commissions spokesman said the EU's executive branch had not been informed of any plans to postpone the election date in Mostar.

"For the time being, the Commission has not been informed of a postponement of the election," Timo Pesonen told AFP. [passage omitted]

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B-H: SDA Threatens To Boycott Sep General Election

AU2005135296 Sarajevo VECERNJE NOVINE in Serbo-Croatian 18-19 May 96 p 3

[Report by A. Alickovic on an SDA news conference; place and date not given: "Boycott of Elections in September, Too?"]

[FBIS Translated Text] "If there are no changes in the general electoral rules in Bosnia-Herzegovina, the Party of Democratic Action [SDA] will not be taking part in the elections scheduled for September this year," SDA Secretary General Mirsad Ceman stated at the party's regular news conference.

We expect the commission of the Organization for Security and Cooperation in Europe [OSCE] to alter the electoral rules and enable the refugees to vote, Ceman continued, and to prevent voting by choice, that is, voting "in places where one wants to live." According to Ceman, when the structures of the municipal electoral commission are precisely defined, the SDA expects them to involve representatives of all peoples who used to live in those regions before the aggression.

"One cannot allow local barons in the Serb entity to determine how the voting will be carried out," Ceman stated.

As SDA Spokesman Ismet Grbo pointed out, the SDA will do nothing to the Bosniaks' disadvantage. According to him, this party offers concrete solutions to this end, which will enable refugees to vote at diplomatic-consular missions or by mail.

"Objections on the part of opposition parties and the OSCE that diplomatic-consular missions are controlled by the SDA disparage those Bosnia-Herzegovina state institutions and we cannot accept them," Ceman said.

Commenting on a question about the acceptance of the electoral rules by Bosnia-Herzegovina representatives on the joint electoral commission, Ceman explained that Bosnia-Herzegovina had opposed certain rules, but....

"Robert Frowick made the decision on disputed questions," Ceman emphasized, adding that the SDA is still pressing for changes to the rules through Bosnia-Herzegovina representatives.

Guests at the news conference were representatives of the regional SDA Board of Banja Luka, that is, the Bosnian Krajina, namely, its secretary Elvedin Rizvan and Mirsad Mesic, deputy minister for refugees and welfare in the government of the Federation of Bosnia-Herzegovina.

"The international community must secure the return of Bosniaks to their homes in the Bosnian Krajina. We are able to live side by side with a number of Serbs, regardless of the crimes committed, provided that the extremists and war criminals are removed," Rizvan said.

Yesterday, the SDA displayed its new membership card, which is shaped like a credit card.

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Croatia: Granic Assesses Results of U.S. Visit

LD1805152896 Zagreb HTV Television in Serbo-Croatian 2112 GMT 17 May 96

[Interview with Dr. Mate Granic, Croatian vice president and foreign minister, by an unidentified correspondent from the program "Picture Versus Picture"—live]

[FBIS Translated Text] [Correspondent] Good evening, dear viewers. I wish to welcome you to the program Picture Versus Picture. Tonight's guest is Dr. Mate Granic, vice president of the Croatian Government and the foreign minister. He headed the Croatian delegation which returned this afternoon from the United States. Good evening and welcome to Picture Versus Picture.

[Granic] Good evening.

[Correspondent] Dr. Granic, at the very beginning we shall repeat the well known priorities of Croatian foreign policy. They are peaceful reintegration of the Danube basin lands, support for the Dayton Agreement, support for the Bosnia-Herzegovina Federation and the international integration of the Republic of Croatia into Europe and the world.

Does U.S. foreign policy agree with the abovementioned Croatian priorities and which is the first priority for the United States and which for Croatia?

[Granic] Now, after the visit, we can say without any doubt that as far as the United States is concerned, there are no important differences on any of the strategic issues; not on the issue of peaceful reintegration of eastern Slavonia, Baranja, and western Srijem nor on the issue of the federation and the overall Dayton process or on the Euro-Atlantic Western integration of the Republic of Croatia.

We have discussed all the details. I can especially stress that the United States is also expressing optimism on the subject of peaceful reintegration. They also respect the role of Croatia in the overall Dayton process; from Washington, especially Dayton, to the present day.

In practice, as far as the peace process is concerned, Croatia has received only praise.

[Correspondent] Allow me to mention, you had talks with the most senior U.S. officials. In fact, with the whole government.

[Granic] Well, within the joint meeting I had a short meeting with President Bill Clinton, a long meeting with Vice President Al Gore, and two meetings with Secretary of State Christopher. I also had meetings with Secretary of State Perry, Secretary of State Kantor, and Mr. Talbott, Mr. Christopher's deputy, on some specific issues.

[Correspondent] Mr. Granic, your assistant Hido Biscevic said two nights ago how the Americans have advised you, that is Croatia, that Croatia should stop scoring own goals against itself. How can this situation be resolved and improved in such a way that Croatia's image in the world is improved?

[Granic] Well, I would say that most time was devoted to the main strategic questions, in all their details from relations in the region to all the upcoming steps, especially in connection with Bosnia-Herzegovina or rather the federation. Naturally, the Americans are interested in seeing the elections take place on time. There was a lot of discussion about Karadzic, Mladic, and the moves which the international community will take, including the United States, and also of all the moves which we will take together to strengthen the federation.

What is important is that the United States has made a top priority of the federation—the federation as the basis of peace and stability in the region. President Clinton, when he spoke about the visit by Kantor, Secretary of State for Commerce, said he [Kantor] would be visiting Croatia and Bosnia-Herzegovina. So Croatia has constantly been a top priority, since the Croatian state is the main factor for peace and stability in the region.

On the other hand, however, there were also discussion on how to harmonize our overall standards with Western standards regarding the overall human rights situation and some specific issues. There was discussion about Jasenovac [World War II concentration camp and site of mass grave], Zagreb and the election of a mayor, and the freedom of the media.

As regards the mayor, a solution either through negotiations, through a change in the law, or through fresh elections and of course acceptance of the results of any new elections... In any event this should be in accordance with the standards expected by the United States. These were, in the main...

[Correspondent, interrupting] Did you reach agreement on these?

[Granic] Yes. And these were the only questions which were open, as far as the United States was concerned.

[Correspondent] What did you agree on, in concrete terms, with regard to freedom of the media?

[Granic] On the freedom of the media [we agreed] that we need good standards, Western standards for media reporting. And this is a two-way process. Legislation on the one hand and normal standards of behaviour by the media on the other. Let me give you an example.

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The big affair of arms deliveries from Iran to Bosnia-Herzegovina, which THE LOS ANGELES TIMES revealed and which led to Senate and Congressional hearings. They worked several months on this until it was absolutely certain that these was reliable data, before publishing. The analogy is clear. I mean that research-based journalism is highly esteemed but it is clear that it must be correct and must publish the true facts.

[Correspondent] These are the standards you would like in Croatia?

[Granic] Of course. And in Croatia, as I say, this is a two-way process.

[Correspondent] On the subject of Jasenovac, we heard in an earlier report that there was pressure from the Jewish lobby in the United States. What is the official U.S. position with regard to Jasenovac as a common grave for all victims in Croatia and from Croatia?

[Granic] I believe that my explanation was well received, that this is an idea of the President, that a clear debate is going on about the perceptions and ideas, and that no decision has been taken at any level and for the present this remains entirely at this level. Of course we value all views on this and only after this will a final decision be taken. That was more or less our answer on this.

[Correspondent] Did the Americans make their mission, which has in fact already begun and will be led by Secretary Kantor, and the possibile visit by Al Gore, conditional upon any of these issues?

[Granic] As far as the visit by Kantor is concerned, I would say that that is clear cut. The advance party at the high level of assistant secretary of state will arrive this weekend and will, I believe, include two assistants with representatives of very well known companies and in July, Kantor will come. This was indicated by President Clinton and Vice President Gore. There was considerable discussion of all the details and it was also agreed that talks would begin on the signing of agreements on the protection of investment, which are probably under way, and the prevention of double taxation.

As for the visit of Vice President Gore, it has not been fixed but we are working on it.

[Correspondent] If this program is realized, will Croatia be better equipped in the economic sphere to join European and world integration, than in some other areas which have blocked the present entry of Croatia into the Council of Europe?

[Granic] As far as entry into the Council of Europe is concerned, it has been postponed. Croatia will of course cooperate and carry on a dialogue. Croatia is prepared to accept European standards—that is our future and orientation in all respects. But on the other hand, there are other issues involved here. That is the question of the strong pressure on Croatia, simply in order to hold Croatia back, to see what will happen in eastern Slavonia, Baranja, and western Srijem; in particular, what will happen with the Dayton process, the elections, and of course, in order to create more space for Serbia as well because there are those who argue that only all countries should join together. Much is being said about a global, regional approach and this would mean that all countries in the region should first of all regulate all their relations and only then join the whole Euro-Atlantic integration. We are strongly opposed to this. We do not want to wait for anyone. I can say that other countries—Macedonia, Albania, and Bosnia-Herzegovina—are against this approach, particularly Croatia, which is a central European and Mediterranean country and which will not permit any kind of associations, although this does not mean that we are not in favour of good-neighborly relations, of good relations with all countries in the region. These were the key reasons, although there were also other reasons concerning the standard of living. But as we mentioned, the United States supports us in the individual involvement of the Republic of Croatia and not as a group of countries and certainly not as any kind of political or economic integration within the region.

[Correspondent] It would appear then that the United States in some areas has different views than those of certain European ministers and deputies in the European parliament. My question is this: Is it possible that the champions of the side not disposed toward Croatia in the Council of Europe in Strasbourg are finding a basis for support in Croatia itself among those who are disappointed with some of the actions of Europe, the Council of Europe, Strasbourg, and these ministers?

[Granic] Croatia, modern Croatia, is a state that few people wanted. You need only read the memoirs of all the participants who have published them so far, and this is a well known fact. Croatia was occupied. Few believed that we would liberate the greater part of this area so soon, not even our best friends. In the same way, our rapid inclusion in the Euro-Atlantic integration is unacceptable in certain circles. Clearly, to mention it once again, this can be very well substantiated if mistakes are found on our side. However, this is not the main point. The main point is that at the moment, although everyone is in favor of Croatia's Euro-Atlantic integration, they nevertheless still want to put Croatia

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on hold for a while and monitor the development of the global situation in the region.

We cannot answer for what will happen in Kosovo, the relations between Montenegro and Serbia, and what will happen to the social and economic situation in Serbia. We can answer for ourselves, and we want a normalization of relations, but of course normalization of relations on the basis of respect for territorial integrity, sovereignty, and respect for the United Nations charter and the Paris charter as well.

[Correspondent] In this context, are the Western allies, headed by the United States, satisfied with the pro-European position within Croatia itself, the Croats proclaiming themselves for Europe?

[Granic] This is positive. It is seen positively everywhere, and I believe that in all our talks no one was in any doubt about where Croatia belongs.

[Correspondent] Is there not a formal connection between membership in the Partnership for Peace and the Council of Europe? Can we join Partnership for Peace before the Council of Europe?

[Granic] It does not exist formally, but there certainly is a connection between the two. As far as Partnership of Peace is concerned, I would say that the main thing, as Secretary of State Perry has said, is that they want, first of all, a law on defense in Bosnia-Herzegovina, that is a law in the federation, and also the demilitarization of eastern Slavonia to be completed. In practical terms, we are fulfilling the conditions. But it is quite clear that the one speeds up the other.

[Correspondent] Mr. Granic, thank you for this information and for being our guest on Picture Versus Picture.

[Granic] Thank you.

Croatia: Deputy FM Interviewed on Negotiations With FRY

AU1905181996 Zagreb VECERNJI LIST in Serbo-Croatian 16 May 96 p 7

[Interview with Ivan Simonovic, deputy foreign minister of the Republic of Croatia, by Mate Piskor; place and date not given: "It Is Time We Took a Bigger Step"]

[FBIS Translated Text] The delegations of the foreign ministries of the Republic of Croatia and the "Federal Republic of Yugoslavia" met in Belgrade on Monday [13 May]. We spoke about the results achieved with Ivan Simonovic, deputy foreign minister of the Republic of Croatia, who headed the Croatian state delegation to Belgrade.

[Piskor] Mr. Simonovic, in the statement you made for journalists after the Belgrade talks were finished, you pointed out that the possibilities for maneuvering had been exhausted in the small step policy that has been applied in the normalization of relations between Zagreb and Belgrade. What does that mean?

[Simonovic] We have tried to carry out the process of normalization through a small step policy, in a certain rhythm, but in the right direction. We made specific, precise agreements. The public has been well informed about the agreements on the opening of the highway, the railroad lines, the mail and telecommunications services, etc. Now we think that the final move toward full normalization cannot be made by means of those specific agreements and arrangements. That means that the moment is coming when an agreement on full normalization will be necessary for further normalization. The policy of taking small steps toward the final goal has been exhausted, and the results we wanted have been achieved; but any party can still propose a mutually acceptable specific arrangement that would lead us in the right direction and would therefore be signed. However, I repeat, our further strategic efforts will be aimed at the full normalization of relations and the establishment of diplomatic relations.

Railroad Open at Beginning of June

[Piskor] Does that mean that all the agreements—or the protocols of agreements—made in the Granic-Milutinovic meeting in Zagreb have been realized?

[Simonovic] They either have been realized or are being realized. We will cooperate in order to realize what has not been realized so far, and there is nothing new about that.

[Piskor] According to that, all other economic, social, and other matters will have to wait for the normalization?

[Simonovic] The full normalization of relations is necessary for those matters to be brought up.

[Piskor] Which road did you take to Belgrade? Did you take the highway?

[Simonovic] Of course, and our passports were stamped on the state border. We had waited for that for such a long time.

[Piskor] When will it be possible to take a train through that area?

[Simonovic] According to the program that the government adopted, it should be at the very beginning of June. It is extremely important that the repair of the railroad tracks be completed as soon as possible. The clearing of

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mines is especially difficult. The process of construction is satisfactory, as well as the coordination with General Klein's transitional authorities, and I cannot see why the railroad line from Vinkovci to Sid could not be open on the planned date.

[Piskor] The oil pipe toward Serbia has also been open, which makes the problem of air transport and air corridors the only unsolved problem in the "Zagreb package." Did you discuss that?

[Simonovic] We have not made any satisfactory arrangements on that. I will be as precise as possible—the talks are going on. Croatia is interested in the southern and northern corridor, and the Yugoslav side does not seem to be equally interested in the southern corridor. The talks are going on, and we can expect the final agreement on that to be reached within the next few meetings of experts.

The Issue of Missing Persons

[Piskor] The problem of missing and imprisoned persons must have been an important topic in the Belgrade talks.

[Simonovic] I spoke to Minister Milutinovic about that personally, and I must say that I consider it to be the most satisfactory part of the talks.

[Piskor] Why? Has there been any progress?

[Simonovic] I warned the Yugoslav side that there were two things that we had to take into consideration. The issue of missing persons is not just a moral problem, but also a very important political issue. That goes for the problem of all missing persons, and in our talks we paid special attention to the problem of the missing persons from the region of Eastern Slavonia. If the truth about the missing is learned after the displaced persons return to the Croatian Danube area, it might have a negative effect on the process of peaceful reintegration. Mr. Milutinovic agreed with that opinion, and promised to do his best for the solution of that problem.

[Piskor] Have we not been listening to similar promises for the past four years?

[Simonovic] We have had guarantees that they will take certain actions to reveal the truth about the missing Croatian citizens, even guarantees on paper, with their signatures... We have protocols, we have duties that the both parties have agreed to fulfill. Why did I say that is the most satisfactory part of the talks? Because Minister Milutinovic promised to intercede personally for the solution of that problem, and General Klein on his part also promised to do his best for those problems to be solved. General Klein talked to Milutinovic and Milosevic immediately after the talks.

The Dynamics of Peaceful Reintegration

[Piskor] As you mentioned, at the meeting between Klein and Milosevic it was noticed that Klein was optimistic and that Milosevic's office did not issue a communique containing opposing allegations. Does that mean that Milosevic has accepted peaceful reintegration as an accomplished fact?

[Simonovic] Minister Milutinovic has again confirmed his attitude that Serbia and Montenegro are ready to help in the process of the peaceful reintegration of Eastern Slavonia. I used the chance to inform him about the conclusions of the Republic of Croatia about the dynamics of peaceful reintegration, as well as about our talks on that subject with General Klein.

[Piskor] What were the reactions like? How did Milutinovic accept the program of the Croatian Government?

[Simonovic] We did not go into the details of the dynamics of the peaceful reintegration process, but he expressed his support for the upcoming demilitarization and for the process of peaceful reintegration in the long run.

[Box, p 7]

Prevlaka Is Not Debatable

[Piskor] It was pointed out that two main hindrances to the process of full normalization are the peaceful reintegration and the issue of Prevlaka. You have said that the cooperation in the peaceful reintegration and the problem of missing persons have been arranged. So is Prevlaka the problem?

[Simonovic] Your diagnosis is correct. The question of Prevlaka, or rather the Ostro cape, is going to be the main topic in further talks, including the talks of the two ministers, Granic and Milutinovic.

[Piskor] So Prevlaka is being negotiated?

[Simonovic] Yes, there have been negotiations about Prevlaka. However, we have always stressed—as we told the Serbian leadership in Belgrade—that we are ready to negotiate about the demilitarization of Prevlaka, but there is always one thing that we do not want to negotiate: the issue of sovereignty over Prevlaka, and the possibility of any territorial changes.

[Piskor] Have there been any indications that their viewpoints are changing, that they have stopped using Prevlaka as a public reason to reject the full normalization and mutual recognition?

[Simonovic] There is a chance for the debatable question of Prevlaka—debatable from the Yugoslav point of

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view—to be solved in a way that is acceptable to both sides, which would not include any changes in territory or exchange of territory.

Croatia: Commentary Views Accord on B-H Federal Army

AU1705152796 Zagreb VJESNIK in Serbo-Croatian 16 May 96 p 1

[Commentary by Ivan Sabic: "The Federal Army"]

[FBIS Translated Text] As U.S. Secretary of State Warren Christopher stated after the end of the one-day meeting of the Forum of the Federation, the leaders of the Federation of Bosnia-Herzegovina have in the end managed to agree in Washington on the organization of the federal armed forces, that is, on the Act on Defense.

This agreement, in view of the facts that the act on armed forces is considered to be one of the biggest obstacles to the final establishment of the Federation of Bosnia-Herzegovina, and that there were several unsuccessful attempts at overcoming that obstacle even before, should at the same time be the most important result of the meeting in Washington. And whether it will really be a real incentive to the implementation of the federal constitution, at this stage nobody is able to say, unfortunately.

The fate of the agreement on the federal army, reached at the meeting of the Forum of the Federation, will depend, of course, exclusively on further moves by the two sides, primarily regarding the question of compliance with—apparently too tight—deadlines set for the implementation, and that of (different) interpretations of what was agreed on in the presence of the U.S. secretary of state. Considering that the experience so far in that regard is not encouraging at all, and that the president and the vice president of the Federation of Bosnia-Herzegovina, Kresimir Zubak and Ejup Ganic respectively—several hours before Christopher's announcement of the happy news—held completely different views of what the federal army should be like at all—joint or unified—it seems that the Federation will not get its own army so soon.

True, the Washington agreement allows a decent deadline—three years—for the Bosnia-Herzegovina Army and the Croatian Defense Council to evolve into a federal army, so that for the time being, that is, for late May, the federal partners are required to deal only with trifles—to finally pass the federal Act on Defense, and to dispatch to Sarajevo officials who will be working at the Defense Ministry, which are all facts instilling hope that this time what has been agreed on will be implemented in the end.

If this happens, the federal partners will still be miles away from any federal army, but they will at least be able to soothe themselves with the fact that they have made at least one step forward, which they failed to do earlier.

Croatia: Postponement of Admission to CE Criticized

AU1905154196 Zagreb VECERNJI LIST in Serbo-Croatian 15 May 96 p 2

[Commentary by Tomislav Drzic: "Why Postponement?"]

[FBIS Translated Text] The decision to postpone the admission of Croatia to the Council of Europe for "approximately one month" before the summer, made in the meeting of ministers on Monday [12 May] in Brussels, is without precedent, as connoisseurs of the procedures in the oldest European institution say. In previous experience the only thing following a decision made in a conference of the Council's Parliament, with 39 members, was the "blessing," the confirmation by the Council of Ministers. What has really happened?

The situation resembles 1991, when Europe turned its head away from the aggression of the Great Serbian plunderers on Croatia, maintaining that the young Croatian state—which fought for its survival alone—did not fulfill the conditions for recognition. Had the reaction of Europe been politically and morally appropriate, perhaps Croatia would never have had to undergo Vukovar, Dubrovnik, and other Croatian tragedies. European diplomacy obviously has not changed its attitude toward the young states that rose out of the ashes of communism. That is not surprising, as the lamentations of certain European leaders and ministers for the old, artificial Yugoslav construction still occasionally fill the newspaper columns.

Naturally, the Council of Europe is mostly concerned with human rights and freedom of the press, and Croatia—unlike Russia, recently admitted to the Council of Europe—has been scrutinized by "anxious" European leaders. Besides, malevolent people have raised their heads in Croatia, assisted by the "curators of souls" from abroad, and started talking about the lack of media freedom, about the opposition being excluded from the democratic political actions, and a cacophony similar to what we have heard before. This is a little unusual for a young state with an equal number of opposition newspapers, whose columns are daily filled with criticism of every move that the government or the party in power makes, whether there are good reasons for it or not. There is also a conflict between the party in power and the opposition in Croatian political life. The

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political articulation of the opposition and the party in power is loud, perhaps too loud, but—as long as it is allowed by the Constitution and the regulations—that is still democracy, rudimental, but ours. That cannot be the reason for the 40th member not being admitted to the Council of Europe. Anyway, did not Croatia agree to fulfill 21 duties stipulated for admission to the Council of Europe, and there are only details left to be accomplished?

If that is not the reason, what is? Croatia does not have the strategic importance of Russia, which was so heartily supported by 15 ministers. The reason must be deeper.

The United States has played a critical part in the peace process, and Europe, having been unable to stop the war in Bosnia-Herzegovina, is obviously bothered by its presence. Europe clearly does not want to accept the dominance of the United States in civilian matters, not to speak of military ones, in this part of Europe. That seems to be another tactical move made by certain European leaders, primarily from France and Great Britain, who are pleased with the good relations and influence of the United States in Croatia. Besides, Europe seems to want a package solution to the problems in the territory of the former Yugoslavia. That seems to be the reason for the pressure on Croatia, which has existed for some time already, especially now that the withdrawal of IFOR [Implementation Force] is being considered. Finally, Europe itself is not sure what it wants; however, a short postponement cannot reconcile the great differences among the 15 members.

Croatia: Serb E. Slavonia Seeks Opening to Europe, World

LD1905165096 Belgrade TANJUG in English 1604 GMT 19 May 96

[FBIS Transcribed Text] Belgrade, May 19 (TANJUG)—The president of the Serb region of eastern Slavonia, Baranja and west Srem said on Sunday that the region's leaders were firmly committed to opening the region fully to Europe and the world.

Speaking for Radio Kragujevac, central Serbia, President Goran Hadzic said that the Belgrade-Zagreb highway and postal, telegraph and telephone traffic with Croatia had been opened with this aim in view.

Talks are under way about opening the Djeletovci oil fields in the region's territory, and efforts are being made to make the people feel the benefits of the United Nations' administration of the region, Hadzic said.

A November 1995 agreement between the region and Croatia placed the region under U.N. transitional administration for at least one year, maybe two.

Hadzic said that the situation in the region was being stabilised and that the leadership was aware that Croatia had been recognised by the whole world.

However, he added, security guarantees for the 150,000 Serbs living there must be obtained, in view of what has happened to the west of Serb Krajina.

The Croatian Army overran the west of the Republic of Serb Krajina in May 1995, displacing tens of thousands of Serbs from their ancestral homes. Croatia stormed the south and north of the republic in August of the same year, displacing another 250,000 Serbs.

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FYROM: Talks With FRY on Free Trade Held in Skopje

LD1705220596 Belgrade TANJUG in English 2145 GMT 17 May 96

["Ecopool" item]

[FBIS Transcribed Text] Skopje, May 17 (TANJUG)—Yugoslav Trade Minister Djordje Siradovic and Macedonian Trade Minister and Deputy Prime Minister Becir Zuta told reporters in Skopje on Friday [17 May] that talks on the promotion of economic cooperation were being held in a very constructive atmosphere.

Siradovic and Zuta, who head the Yugoslav and Macedonian delegations to the talks, announced that Yugoslavia and Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] could gradually introduce a free trade system by Jan. 1, 1999.

The two states should then start with free trade, i.e. cooperation with minimum customs fees.

The two ministers said that the talks on the liberalization of trade represented an important task and move which could be expected following the agreement on the normalization of bilateral relations of April 8.

FYROM: Commentary Views Regional Security Balance

AU1905192096 Skopje PULS in Macedonian 17 May 96 p 6

[Commentary by Eleonora Karanfilovska: "Americans in Macedonia..."]

[FBIS Translated Text] Did we really have to be so unlucky as to agree to the visit by the Russian Army delegation to the Defense Ministry of the Republic of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] just when the top man in the Russian armed forces, Pavel Grachov, threatened that Moscow, together with Belarus, would oppose the plans of NATO, which is headed by the United States, for the enlargement of the alliance, and that they would create a strong military alliance themselves? Did the Macedonian defense minister talk with the head of the Sector for Cooperation of the Main Administration for International Relations of the Russian Defense Ministry (what a long name) on Russia's views concerning the recently promoted Macedonian idea for NATO expansion along the southern wing with Albania and Macedonia? Perhaps he did, perhaps he did not. Aren't these topics that are being discussed within NATO? On the other hand, the two ministries did discuss the need for institutionalization of cooperation in the field of defense.

The visit was "covered" in the communication by the minister's cabinet. I remember other periods when there were similar visits from the U.S. side that enjoyed extensive publicity. One alternative that crosses my mind is that the aim was to show the Macedonian position toward cooperation with such a "partner" as Russia, that is, not to show this position at all. (To be honest, it was quite well compensated for with the interview with the Russian representative in Skopje, Mr. Trushin, for National Television, and his message that Moscow will come to our help if we need it).

The other alternative is related to skepticism and the speculations of some mass media, particularly after "finding out" that the Russians had visited MZT [Metal Industry] "11 October" in Prilep and "Souvenir" in Samokov, where they had certainly not discussed Christmas fireworks.

To be honest, if we are to make a summary of the situation in the state now, the first and most basic matter that comes to our mind is its "unambiguous orientation to the West and its orientation toward the Western collective security systems, not as a decision that has been taken by the ruling elite, but as an unalterable view of the majority of the population, which is pro-American." Nevertheless, the fate of this nation has too often depended on the momentary relationships and policies of the superpowers to know that "its determination does not count." So forgive me if I act as though unvaccinated against an ongoing virus that causes high temperature. The clear message that Macedonia has always been sending, and which has probably made the United States the sole player in our country, has been more "effective" so far than the warm-cold alternatives in the Balkans.

It is not that some changes are possible right now, in particular because Albania and Macedonia, as well as Greece and Turkey, have been handed over by the European Union to Washington, as a territory in which the U.S. presence is no longer questioned. The Europeans will stop on the Danube and the Adriatic, the Russians up to Bulgaria, as a condition for their mutual presence in the Mediterranean via the Black Sea. If we look at such a segmented map, there could be hope that Macedonia might join NATO faster than expected because the alliance may penetrate without touching the Russian border. All the way up to the situation in Serbia. Judging from the present situation, it is no longer true that Macedonia is not of strategic importance to Moscow. Let us not forget that the situation is as it is because that was the struggle.

Russian endeavors for the elimination of the U.S. military presence in Macedonia are constant, and they

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coincide with the above exposed idea. For now, the Russians are not commenting on the expansion of NATO's southern wing, but Russian Foreign Minister Primakov exposed to President Gligorov, during their discussions in Bucharest, his firm stance on its general "expansion."

On the other hand, the persistent Russian objection to the prolongation of UNPREDEP's [UN Preventive Deployment] mission for the prevention of expanded armed conflict has disappeared after Dayton, and the thousand "blue" soldiers are no guarantee in preventing possible aggression, so let us dismiss them as well, and let us reinforce the civilian observation segment. As we find out, in his letter to UN Secretary General Butrus Butrus-Ghali, Macedonian Foreign Minister Frckovski is asking for a prolongation of UNPREDEP's presence for another year, in which he presents four arguments as counterarguments to the Russian thesis: 1) the insecure post-Dayton situation concerning the implementation of the agreement; 2) the problem of Kosovo; 3) the tension in the south of the Balkans in relation to the Greek-Turkish dispute; and 4) the incomplete construction of the Macedonian Army.

In the meantime, military and diplomatic consultations have been going on concerning alternatives to a U.S.-Macedonian bilateral plan for the presence of an additional 1,000 U.S. troops in Macedonia, outside the UN mission, which would enable the possible withdrawal of the peacekeepers following such a possible decision of the UN Security Council. This is not, however, to be expected right now. The further presence of the Americans in Macedonia, regardless of the "flag" under which this may be, was also confirmed during Ambassador Madeleine Albright's recent visit to Skopje.

A U.S. military review indicates Macedonia and Albania as the key countries in U.S. diplomacy in the last three years. It is emphasized that the strategic importance of Macedonia is greater because it is the only territory in the Balkans that stretches over the roads that link the Danube with the Aegean Sea and the Black with the Adriatic Sea. It has been evaluated that the United States has so far managed to stop a large expansion of Russian influence in the region, by which U.S. interest in Bulgaria has dropped, although Washington is concerned with the unclear position of the ruling Bulgarian Socialist Party in relation to its membership to NATO.

The U.S. presence in Macedonia is of particular importance after the revitalization of the Kosovo problem and, according to some Macedonian evaluations, after the concentration of 120,000 troops and police in the region, of which one division is deployed on the border with Macedonia, although it has been assessed that the presence of such a quantity of armed forces is first of all dedicated to prevention rather than as a threat to the Albanian population, as well as a warning for the additional security of the Serbs in Kosovo, with the aim of preventing some nervous reactions of "self-protection." It is another question whether peace will be safeguarded in such a way. The expected changes will obviously take place slowly and with difficulties. The Federal Assembly has only recently submitted a request to the FRY Government to change the constituencies, which was assessed in Belgrade as a mathematical calculation to prolong the mandate of the ruling SPS [Socialist Party of Serbia], assessing that Milosevic's party will thus have an absolute majority in both houses of parliament in the next elections, which have been scheduled for the end of this or the beginning of the next year. This draws one to the conclusion that the FRY is getting prepared to change the Constitution, because the assessments say that SPS can count on its 80 votes, and that it will need 12 more votes to make the changes.

It seems that the deal with the Americans has been completed. Milosevic will gain time, and in return will resolve Kosovo. How? According to some diplomats, the scenario is abolition of the federation and creation of a Yugoslavia with five regions—Vojvodina, Sandzak, Serbia, Montenegro, and Kosovo, headed by Milosevic. So there will not be an independent Kosovo, but the requests of the Albanians will be met, that is, they will have an equal status with the other units in the state. The only difference is that the concept will be unitarian. By doing this, they will swallow Kosovo without being suffocated. The Albanians will receive financial assistance and will open information offices in western Europe and the United States, while respective foreign offices will be opened in Pristina. This is a very relaxing concept that will affect the interethnic relations in Macedonia. If there is the patience to wait.

FYROM: Justice Minister Calls Referendum Impossible

AU1705183096 Skopje MIC in English 17 May 96

[FBIS Transcribed Text] Is the Parliament bound to issue a notice of referendum for early elections in view of the number of signatures?—was one of the questions the press asked Minister of Justice Popovski, in response to which he said it was outside the theme of the news conference, adding that "I believe that early elections or the termination of the mandate of Parliament through referendum by the citizens is not possible, not only in our country, but also in any other parliamentary democracy."

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Responding to the questions linked with the authority and conditions under which the Parliament can issue a notice of referendum, Minister Popovski underlined that in the countries of parliamentary democracy in the world, there are very few questions which allow for a civil initiative for referendum. "Usually that applies to supplements and new laws, supplements and amendments to the Constitution, and some agreements of essential interest to the citizens," Popovski said.

FYROM: Liberals Submit Interpellation on Cokrevski

AU1705183896 Skopje MIC in English 17 May 96

[FBIS Transcribed Text] The parliamentary group of the Liberals submitted an interpellation on the work of Interior Minister Tomislav Cokrevski in parliament yesterday.

The interpellation states Cokrevski's recent public appearances in which he announced an offensive against the press, describing them as a "serious threat to democracy in Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] and the stability of the state."

"Minister Cokrevski's statements tread on the principles set forth in the Constitution," the interpellation says, quoting the constitutional decrees on the freedom of public information, the protection of the sources of information and the ban on censorship. According to the Parliament's Rules of Procedure, minister Cokrevski has an obligation to respond to the interpellation within 30 days. If he fails to do so, Parliament will review and vote on the interpellation after 15 days.

FYROM: Ministry Implicated in Attempt on Gligorov

AU1705150596

[FBIS Report] Skopje FOKUS in Macedonian on 10 and 17 May carries an approximately 3,000-word interview by Vojo Dedovski with Zlatko Bosnjakovski, a Skopje policeman who used to be the personal bodyguard of Jordan Mijalkov, the interior minister in the Kljusev cabinet, the first government after the separation of the Former Yugoslav Republic of Macedonia (FYROM) from Yugoslavia, and a member of President Gligorov's security staff. The interview, for which there is no place given but is dated 26 April, is entitled "How Mijalkov Was Killed and How the Interior Ministry Failed to Kill Kiro Gligorov."

In the first installment of the interview, Bosnjakovski speaks about his work in the ministry and of his experiences as a policeman, particularly when he was Mijalkov's personal bodyguard. He accuses the Interior Ministry of murdering Mijalkov, who died in a car accident in Serbia on his way to Belgrade, and claims to have evidence for his statements. Asked about the 172 disciplinary offenses on his record, Bosnjakovski explains that he was punished for doing his duty properly and gives as an example the time he arrested the cousins of a member of parliament for taking drugs. He also claims to have been "harassed and beaten up by the police for refusing to keep silent about the criminal acts that were taking place inside the Interior Ministry." The first part of the interview ends with him revealing that his gun was illegally taken away by some policemen who had broken into his house, who also took away some documents that they thought could be "his files" and threatened to kill him. He names these policemen as Cenko Petrov, a departmental chief at the Interior Ministry, Inspector Vlado Krajcevski, and Branko Dusevic, in charge of the communications and code-protection department.

In the second installment of the interview, Bosnjakovski gives details about what he calls the "murder" of former Minister Mijalkov and claims that he has evidence of this on tape.

Asked whether he has any knowledge about the assassination attempt against President Gligorov, Bosnjakovski says, "I will explain everything to you: We knew the route that Gligorov's vehicle was taking. It was 'another corner,'" he says, linking it to Mijalkov's accident, which also happened after a curve in the road. "I was in President Gligorov's security detail and was standing on the corner where there is the Agricultural Bank, The House of Invalids, and a government building. Before the assassination attempt occurred, I had noticed a very suspicious Fiat 1300 on the spot that I was supposed to secure and called my chief, Djoko Nedelkovski, on the radio and said: 'Remove this vehicle; I find it suspicious.' I also threatened Aleksandar Donevski, the assistant head of Skopje police, with the following words: 'Remove this vehicle or I will remove you.' They took this vehicle and parked it near the old railroad station.... I went and sat down in Hotel Bristol. Shortly afterward, I was ordered to move to near the building of NOVA MAKEDONIJA. So they were moving me away from the president's security. However, I fooled them by turning into the first street and secretly came back to that place. Being a policeman, I had a hunch.... An Ami 8 vehicle was then parked on the street. The vehicle belonged to our assistant to the minister, legal counselor Dijana Tavcioska!"

Asked how he knew that, Bosnjakovski replies: "It is hers, personally. She had been in it before they started moving it from one parking place to the other."

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Asked whether this was the vehicle that was used in the assassination attempt and if the suspect vehicle had Kumanovo registration plates, Bosnjakovski answers as follows: "No, man, they just stuck those plates onto it. Why is there no file on the two policemen who drove the small Fiat in front of Gligorov's Mercedes? Their mission was to block the road, and there it was!"

He is then asked whether he is aware of the horrible accusations that he is making and he replies: "Why not? They know that I know all this. That is why they threatened me today, on 26 April, that 'either I destroy myself or they will destroy me!'"

Asked whether he is afraid of the consequences for his life after the publication of this interview, he answers that he is "not afraid, because he is not blind and feels strong."

The journalist asks him another precise question: "Let us be very concrete. Do you claim that the organizers or the participants in the assassination attempt against President Gligorov come from the ranks of the Interior Ministry?" He replies: "Exactly! Who else could tell you about the time and the place, at what time, on which route, the president would be driving? Only the security service! I tried three times.... There are 12 people in the game whom I know. And they know me very well. They took everything away from me, the whole file. Be careful, because they may take this cassette away from you as well...."

When the journalist insists that these allegations are very serious, particularly the last one, Bosnjakovski replies as follows: "Why? Why are you afraid if I am not? I am not afraid of being liquidated! Let them try! I can give you evidence of everything that I have told you."

When asked about his possible prospects after the publication of the interview, Bosnjakovski says: "I am an employee of the Interior Ministry and at this moment I am neither suspended nor in trouble. I have just received three new duties that have not been signed by anybody: One is for the security of some persons and objects, the second is for objects and persons, and the third is an appointment at the Police Administration! I do not exactly know where I belong!"

He is then asked the following: "If this interview with such serious allegations is published, it will undoubtedly arouse a tumultuous reaction. Is it possible that tomorrow you will deny anything that you have said today?" Bosnjakovski's reply is: "No, this will not happen!" He also says, "I am in possession of documents to support everything that I have told you!" He then offers to supply this evidence.

The interview ends with Bosnjakovski saying, "I would also like to discuss the death of Skopje Mayor Goran Nikolovski...."

FYROM: SDSM Rejects Albanian Parties' Accusations

AU1705201196 Skopje MIC in English 17 May 96

[FBIS Transcribed Text] The Social-Democratic Alliance of Macedonia [SDSM] views the latest attacks against President Kiro Gligorov by the leaderships of, as it is said "part of the Albanian parties," over his principled stances in the interview for the FRANKFURTER ALGEMEINE ZEITUNG during his stay in France, which are crowned by the so-called "Declaration of the Albanian members of the Tetovo local assembly," as an open attack against the Macedonian legal order, the principled policy and the efforts to consolidate a state ruled by laws and democracy, co-existence and the development of stable inter-ethnic relations. "Those attacks do not lead to the strengthening of the trust between the Macedonian people and the Albanian nationality," the SDSM says in its press release. The attacks against President Gligorov, who is seen in the domestic and world democratic public as a protagonist of reforms and peace, as a consistent proponent of democracy and an upholder of human and minority rights and freedoms, in line with the international documents and standards, are basically aimed at discrediting his personality, as well as the Republic of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], as a democratic and civil state, in front of the international community. Precisely for this reason, these and other similar occurrences in the world are not given much attention as they are the product of political forces attempting to draw the attention of the wider public through various forms of extremism, placing themselves at the service of pre-election campaigns in some neighboring countries, which coincides with the latest statements of certain personalities.

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Poland: Prime Minister on Oleksy, Reforms, Coalition

WS2005100596 Warsaw GAZETA WYBORCZA in Polish 17 May 96 pp 16-18

[Interview with Polish Prime Minister Cimoszewicz by GAZETA WYBORCZA reporters in Warsaw on 16 May: "The Prime Minister Visits GAZETA"]

[FBIS Translated Text] [Chief Editor Adam Michnik] I welcome you cordially to the hornet's nest our editorial office is for the governing coalition.

[Cimoszewicz] Yesterday marked three months since the passage of the vote of confidence in my government. I thus take it for granted that the honeymoon is over for the media and the government, and that the time has come to meet the press head on.

[GAZETA WYBORCZA] Mr. Prime Minister, food prices are increasing steeply, yet the government is trying to protect domestic agriculture from foreign competition ever more fiercely.

[Cimoszewicz] The source of the problem lies partly beyond our borders. Grain prices have risen steeply on world markets over the past six months, and grain prices on the domestic market are following that trend.

That does not explain everything. I want the effectiveness of the operations of the Agency for Agricultural Marketing [ARR] inspected. Next week I am meeting with the representatives of the Supreme Chamber of Control who audited ARR and inspected the activities of the agriculture and finance ministers. We will try to think whether the mechanisms of stabilizing food prices are effective. We will also consider the role played by media reports—for example, the article published by the WPROST weekly that described ARR involvement in unfavorable transactions with various companies.

[GAZETA WYBORCZA] Mr. Prime Minister, you were prosecutor general. If you were in that position now, what would you do about the statements made by Prosecutor Gorzkiewicz? With his statement in which he disclosed the name of a Russian intelligence officer doubled by the Office of State Protection [UOP] to a politician?

[Cimoszewicz] First of all, I would publicly instruct the prime minister that he has no right to speak on the topic. That is why I cannot comment on statements made by Prosecutor Gorzkiewicz. Gorzkiewicz has his superiors, there is a law on the prosecutor's office and other regulations, also within the Criminal Code. This should be taken into consideration by Prosecutor Gorzkiewicz's superiors and provide a basis for passing judgments and reaching conclusions.

[GAZETA WYBORCZA] The full text of Gorzkiewicz's statement is allegedly circulating among politicians.

[Cimoszewicz] I only read about this in the press. If it turns out to be true, it should be established how this happened. The original text of the prosecutor's verdict and explanation was circulated in an extremely small group.

[GAZETA WYBORCZA] On Wednesday [15 May], you said that the dailies unequivocally suggested what the name of the Russian agent was. TRYBUNA, however, was the only paper to mention any name.

[Cimoszewicz] It seems there is an element of hypocrisy in the entire discussion of this case. If we all jotted down our guesses on slips of paper, I'll bet they would be 99-percent—if not 100-percent—accurate. Everyone is behaving, however, as if he did not know anything.

[GAZETA WYBORCZA] What would we be jotting down? The name of the doubled Russian agent?

[Cimoszewicz] Yes. The name of the doubled or allegedly doubled agent.

[GAZETA WYBORCZA] Why are you using the term "allegedly"?

[Cimoszewicz] For the time being, I wish to use the phrase doubled or allegedly doubled. I understand that ongoing UOP operations will explain the case.

[GAZETA WYBORCZA] When your term in office as prime minister expires, will it not turn out that Poland is lacking both intelligence and counterintelligence services?

[Cimoszewicz] I can assure you that will not be the case. I categorically disagree with claims that operations currently under way at the Ministry of Internal Affairs or UOP are aimed at dissolving or weakening the intelligence and counterintelligence structures.

I expect that UOP will finalize the proceedings in more or less two weeks. The results will be presented to a parliamentary commission.

[GAZETA WYBORCZA] Upon taking office you said: "Oleksy has made a very grave mistake as a politician and paid a high price for it." Today, Oleksy heads a party in power. What do you think the political consequences of the case will be?

[Cimoszewicz] First, I have the impression that the emergence of my Cabinet has contributed to stabilizing the situation.

Second, I know that the Social Democracy of the Polish Republic [SdRP] has launched a debate on the party's

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present and future. I myself am keenly watching it unfold.

Recent opinion polls indicate that the developments of the past several months did not weaken the SdRP in any major way.

[GAZETA WYBORCZA] I would like to make your visit to our editorial office more pleasant, so I will not ask you any more about Gorzkiewicz. Let us move on to a lighter topic: the Concordat (laughter). You used to be against ratifying the document. Now you have changed your mind.

[Cimoszewicz] In December 1993, I told our partners on the church side that the agreement is not the most fortunate one. I stand by that statement.

Two years ago, however, I thought we could pass the new constitution soon. It thus seemed sensible that the constitution should regulate church-state relations. First the constitution, then the decision on whether to ratify the Concordat.

Work on the constitution, however, is taking longer than anticipated. I fear that the issue of the Concordat has led to a deterioration of church-state relations. This is one of the reasons for unnecessary, albeit deep, divisions among the Poles.

That is why we have to find a rational solution that will meet the expectations of both those who want the Concordat and those who fear it.

We have come to a decisive moment right now. Parliament will take up the issue of the Concordat anew most probably in June.

[GAZETA WYBORCZA] Are you glad that the Polish Peasant Party [PSL] chairman is helping you solve the conflict at the Gdansk Shipyard?

[Cimoszewicz] I will be very happy if the chairman arrives at the same conclusions the government has reached on the reasons for the collapse of the shipyard and the inevitable consequences.

[GAZETA WYBORCZA] Can he reach any other conclusions?

[Cimoszewicz] I do not think he can because simple arithmetic formulas apply here. I have the impression that, as a graduate of a technical university, he is better at counting than I am.

[GAZETA WYBORCZA] Have you seen the draft law on economic self-government? The one reminiscent of the peak years of the socialist economy?

[Cimoszewicz] I presume you are alluding to obligatory membership. This is not a solution modeled after socialism. Membership in economic self-governments is mandatory in the majority of West European countries. When a self-government is an obligatory member, it acquires the status of a legal person within public law. Such prerogatives cannot be attributed to organizations with the status of clubs or associations.

If employer organizations want to secure a far stronger position in the state, they must represent the entire employer community.

[GAZETA WYBORCZA] Does that mean that membership in trade unions should be obligatory for them to be more representative?

[Cimoszewicz] I understand those counterarguments. The fact is, however, that economic self-government is obligatory in such countries as Germany.

[GAZETA WYBORCZA] And that self-government is fiercely criticized. Do you think that in England or the United States, where membership in economic organizations is voluntary, there is no civic power?

[Cimoszewicz] I believe there is only lobbying.

[GAZETA WYBORCZA] How is cooperation within the coalition government going along?

[Cimoszewicz] This coalition was and is a pragmatic choice, the only one that was possible in the fall of 1993.

It is no secret that several leaders of the Democratic Left Alliance [SLD]—including Aleksander Kwasniewski and I—sought a wider political solution. Others claimed, however, that it was impossible.

Thus we have what we have. I believe this coalition is doing pretty well. I absolutely disagree with claims that we are simply consuming the fruit of previous reforms.

Recent developments in several countries prove how easy it is to lead to a new crisis. I read in the paper today that the Bulgarians have to stand in line again to buy bread. This shows how easy it is, due to lack of discipline or the courage to make difficult decisions, to destabilize the economy and the social situation.

We Poles tend to be pessimistic in assessing our situation.

[GAZETA WYBORCZA] Before the coalition parties rose to power, they too spoke of the domestic situation with pessimism.

[Cimoszewicz] I have the impression that we were more accurate than the opposition today.

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[GAZETA WYBORCZA] If we only cited what you said at the Sejm at the time. No one in the current opposition speaks so foolishly.

[Cimoszewicz] That is a highly exaggerated opinion.

[GAZETA WYBORCZA] What about the PSL? A coalition partner that behaves like the opposition?

[Cimoszewicz] What can I say? Well, this is not an easy coalition, but I do not wish to make it any more difficult.

[GAZETA WYBORCZA] But that means that the state administration is at an impasse. Let us list examples from the past two months alone. The promise to lower taxes was immediately countered by the PSL leaders. Pawlak is using the Gdansk Shipyard to carry out his election campaign. Then there is the Concordat, on which the SLD and PSL cannot reach an agreement. And the powiats.

Jerzy Hausner, head of Deputy Prime Minister Kolodko's team of advisers, said: "The possibilities of the coalition have expired. It seems to be paralyzed and incapable of ruling, not to be confused with administering. The calculation of campaign gains and losses is clearly beginning to dominate the will and courage to act."

[Cimoszewicz] I do not agree with that opinion. If the parliamentary majority really proves incapable of fulfilling the governmental promises of lowering taxes, we can speak of the government losing its credibility. Promises have to be kept. If you do not intend to keep them, you do not make them.

As for the Gdansk Shipyard, some game is being played here. It is true that our coalition partner sometimes behaves like a quasi-opposition party.

The powiats and new voivodships have to wait. This reform is impossible to implement during the course of an election campaign. The focal point of the controversy is the division of the country's territory, the election map. How are the borders of the powiats to be demarcated, where should their seats be, who will be a voivodship? Making this one of the themes of the election campaign means that the reform will not be carried out because whoever opposes it would win. It provides a very simple and catchy campaign slogan: We must defend our voivodship!

I wish to appeal to you to see certain things in all your criticism. The well-advanced project of reform of the administrative center is at the Sejm. OECD experts see it as a model for our part of Europe. They are encouraging us to broaden the prerogatives of the head of the Cabinet. They claim reforming local self-governments should be the second stage.

[GAZETA WYBORCZA] What reforms, apart from the administrative center project, will you have the courage to carry out before the elections?

[Cimoszewicz] I hope the Sejm passes the package of laws related to medical care and health protection. I trust we will succeed in having parliament pass the most difficult reform: the social security system.

[GAZETA WYBORCZA] When will the bankruptcy of the Gdansk Shipyard be announced?

[Cimoszewicz] It will certainly not be until the beginning of June, when a general assembly of the shareholders will be held. However, everything seems to indicate that bankruptcy is the only realistic solution in this situation.

The thing is that, unless bankruptcy is announced, the shipyard will have no chance to withdraw from the disadvantageous contracts concluded a long time ago when the board was chaired by Hans Szyc. They are a veritable bomb, which means a loss of 1.5 trillion [old] zlotys if the contracts are actually carried out. Many of them were drawn up in such a way that, if the Gdansk Shipyard wanted to break them, the orderer would be entitled to have its ship built in another shipyard at the expense of the Gdansk Shipyard.

Bankruptcy does not have to—although it certainly may—mean that a museum or simply an empty area will be at the site of today's shipyard.

There is a great chance that a large part of the work force, probably half of it, may keep its jobs there. There is a possibility of concluding interesting contracts. I know that a representative of Lucky Goldstar, who has come to Poland with the Korean prime minister, is thinking of building supertankers. I hope the guy knows what he is talking about. I also know that over the next few years there will be great demand for construction of drilling rigs in the North Sea. All of the shipyards that specialize in it, such as the Norwegian ones, have enough orders. Thus, if we found a company that would be able to carry the burden of changing the production profile in the Gdansk Shipyard, it would be quite a bright prospect.

There is also a problem of those people who are going to lose their jobs. I have ordered [Labor] Minister Baczkowski to carry out a quick analysis of the situation on the labor market in the Gdansk region; we will want to create as many new workplaces as possible for the people who lose their jobs in the shipyard.

[GAZETA WYBORCZA] Mr. Prime Minister, you said at the beginning that, as the head of the government, you are familiar with the reasons for Prosecu-

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tor Gorzkiewicz's decision. Earlier, we heard Spokeswoman Jakubowska say that she was familiar with the document as well. Well, it so happens that you were not entitled to know those names. Just like an ordinary citizen, you had the right to find out about this from the media, in which dots appeared instead of the names.

[Cimoszewicz] Still, as the head of the government, I bear Constitutional responsibility for the security of the state, and, as a result, I have access to any secret.

Now, if you are sensitive to the state secrets being irresponsibly revealed—and it is a good thing that you are sensitive to this—you must agree that there is also another issue that needs to be looked into: Andrzej Milczanowski and Lech Walesa presented information on the so-called Jozef Oleksy case to many people who had no legal right to be familiar with that information.

[GAZETA WYBORCZA] You have three economic deputy prime ministers; they differ on quite fundamental issues.

[Cimoszewicz] I would not make the very difficult attempt to prove that it is rational to have three deputy prime ministers. These deputy prime ministers, particularly Mr. Kolodko and Mr. Pietrewicz, often disagree. When I offered them posts in my Cabinet, I said bluntly: There can be only one person in the Cabinet who bears general responsibility for the economy. This person will be Grzegorz Kolodko. This was accepted. It sometimes happened that certain solutions were put into effect, even though Grzegorz Kolodko raised objections. At other times, there were other people who raised objections, such as Miroslaw Pietrewicz or other Cabinet members.

[GAZETA WYBORCZA] I wanted to ask about the culture minister, who claims that we organize too many international festivals and who promises to earmark a lot of money for brass band sessions.

[Cimoszewicz] I do not think that organizing folk festivals makes much sense. For example, I can see that the Belarusian minority is very active in this area. However, I can also see problems of people linked to the theater and music. Yesterday I spent two hours talking with Mrs. Penderecka about the Krakow 200 project, which is a major international event. The Krakow mayor and I agreed yesterday that next week I would meet with representatives of the city's cultural institutions to find out what they expect of the state as the patron of arts. I will take advantage of this opportunity to find out what those people think of the functioning of the Culture Ministry.

[GAZETA WYBORCZA] How do you evaluate the work of the culture minister?

[Cimoszewicz] On several occasions I had to ask Minister Podkanski to focus on the Culture Ministry because sometimes what we discussed was how reduction of the income tax paid by companies would affect foreign investment.

[GAZETA WYBORCZA] Do you fear that one day in July you will wake up to find that the new head of the Kremlin is Zyuganov, who is dreaming of the Russian superpower, who is saying an adamant "no" to NATO expansion, and who argues that a liberal economy is unacceptable to Russia.

[Cimoszewicz] All countries, including Poland, will have to develop their relations with whatever Russian leaders are chosen in elections. We do not and we cannot have any influence on what happens in Russia.

Who is Zyuganov? What would he do if he won the elections? Many politicians became more pragmatic than could be predicted before the elections when they took on the real responsibility. Therefore, I expect that, regardless of which one of the two main rivals wins the Russian elections, he will pursue a foreign policy that will be balanced and peaceful.

In our relations with Russia, we have recently seen greater willingness to settle issues that have not been settled for a long time. We are satisfied with that.

Incidentally, let me say, half-jokingly, that it is worth recalling that the two most serious candidates in the presidential race in Russia are a former member of the Politburo and a former deputy of a Politburo member. This shows quite a bit of truth about this country.

Poland: Business Links to Minsk Unaffected by TU Head Expulsion

LD1905164796 Warsaw PAP in Polish 1542 GMT 19 May 96

[FBIS Translated Text] Opole, 19 May—According to the chairman of the National Council of the Polish Private Employers' Union [PZPP] Wspolna Sprawa, Andrzej Bogdanowicz, who was in Opole yesterday, the incident of Solidarity Chairman Marian Krzaklewski's expulsion from Belarus has not caused economic contacts to worsen.

At a meeting with Opole businessmen, Bogdanowicz said that "business representatives are not interested in what politicians do, as long as it does not affect our affairs. It is true, we now have somewhat more difficult conversations with Belarus officials, particularly customs officers, but we do not sense any worsening of relations with businessmen." He added that "businessmen do not want to get involved in disputes between

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politicians, and I get the impression that Belarus businessmen think the same way." [passage omitted]

The PZPP Wspolna Sprawa currently has a membership of 8,000 firms organized in 27 provincial networks.

Poland: SdRP Leader Oleksy Reiterates Stand on Concordat

LD1905162896 Warsaw Polskie Radio First Program Network in Polish 1400 GMT 19 May 96

[FBIS Translated Text] Jozef Oleksy, the chairman of the Social Democracy of the Polish Republic [SdRP], told a press conference in Zamosc that the position of the Left Democratic Union [SLD] on the ratification of the Concordat had not changed.

In Oleksy's view, no new circumstances that would warrant the modification of the current position have appeared in this issue. The left-wing movement's position on the ratification of the Concordat would not be doctrinal and rigid, its leader emphasized. Jozef Oleksy, participating in the fifth provincial convention of the SdRP in Zamosc, said that the SLD would run its own campaign in the forthcoming parliamentary election and would not enter any tentative coalitions that he did not rule out after the elections.

He also announced that the left-wing movement would put forward a special economic and social program for the rural electorate. Enlivening of the cooperative activities, which will receive the left-wing movement's decisive support, will be one of the elements of the program.

Oleksy criticized the incumbent government for the continuing impasse with regard to the state's regional policy and the new administrative division of Poland.

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Romania: Iliescu Returns Home, Summarizes Visit to FRY

AU1805183796 Bucharest Radio Rómania Network in Romanian 1600 GMT 18 May 96

[Statement by Romanian President Ion Iliescu upon his return to Romania from the Federal Republic of Yugoslavia, FRY; at Otopeni Airport on 18 May—recorded]

[FBIS Translated Text] This afternoon President Ion Iliescu returned to Bucharest from his visit in the Federal Republic of Yugoslavia, the first visit by a head of state there since the conclusion of the Dayton accord.

Here is the statement made by the Romanian head of state upon arrival at Otopeni Airport:

[Begin Iliescu recording] As I already said in Belgrade, my visit to the Federal Republic of Yugoslavia, the political talks I held there with the three presidents—the president of the Federal Republic of Yugoslavia, Mr. Lilic; the president of the Serbian Republic, Mr. Milosevic; and the president of the Republic of Montenegro, Mr. Bulatovic—marked, above all, a fundamental element, namely that this visit and our contacts took place in a different political climate, which was determined by the launching of the peace process, the cessation of the conflict on the basis of the Dayton accord, as well as the commencement of a normalization phase in the Yugoslav region. The key moment for the definitive stabilization of the situation in Yugoslavia—one of the concerns of all the political factors in the Federal Republic of Yugoslavia, as well as the other republics—is the organization of elections in September in Bosnia. According to the Dayton and Paris agreements those elections represent the principal political criterion for the normalization of the internal situation, the situation among the Yugoslav republics, as well as the normalization of their situation within international organizations—and therefore all this is the principal, fundamental preoccupation of the political factors there.

Furthermore, we talked about our bilateral relations, the signing of our friendship, cooperation, and good-neighborliness treaty, in the elaboration of which we did not encounter any difficulties. The treaty was signed in this new political moment, under the new circumstances emerging from the new reality in the Yugoslav region. Both parties assessed this as a significant political moment both for bilateral relations as well as—and this is an important factor—in the stabilization process, in the promotion of a normal climate in our geographic region, and as a contribution to the general European process.

In our bilateral relations our fundamental concern is the furthering of our economic ties, because both Yugoslav and Romanian parties had to put up with the consequences of the embargo. Meanwhile, we have also set up the necessary political and legal framework for this—the November visit of their prime minister was a first signal—and the accords that I signed now, including the one on the avoidance of double taxation, enlarged the necessary framework for concrete activities. Within this the economic decisionmakers, the business companies, now have to take direct action. From this point of view they appreciated the presence there of a numerous Romanian economic delegation, including representatives of employers, industrial economic units, and our banking system. They also appreciated the direct contacts that took place in Belgrade and in Podgorica, in Montenegro, which facilitated the normalization of our economic relations and their revival in a new context.

On the whole, our visit, as well as our talks, were assessed as an important political moment for Yugoslavia, for our bilateral relations, and for the political climate in our region. [end recording]

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Slovenia: Drnovsek Says Coalition To Stay in Place for Now

AU1705153596 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 17 May 96

[FBIS Translated Excerpt] Two things happened in our country yesterday— the parliament passed a no-confidence vote on Zoran Thaler, which is bad, Prime Minister Dr. Janez Drnovsek said at the morning news conference today, while the second important thing that happened yesterday is good, namely, the social partners initialed an agreement based on the package of economic measures which the government will propose to improve the situation in the Slovene economy. Suzana Kos and Tomaz Gerden report from the news conference:

[Begin recording] [Kos] Just as in the EU the economic trends in Slovenia are also worse than expected. That is why the estimate of this year's inflation, which will exceed 6 percent, will have to be corrected, although the figure is expected to remain in the single digits, somewhere around last year's 8.5 percent. The GDP growth will also be lower than anticipated, according to Prime Minister Drnovsek, namely, between 3 and 4 percent. It was clearly necessary to take measures to improve the position of the Slovene economy to ensure greater competitiveness, therefore, to also reduce the labor costs, Prime Minister said, summing up the government measures. [passage omitted]

The parliament is expected to adopt the package of economic measures in the summary procedure next month. Prime Minister Drnovsek will, regardless of the fate of the coalition, try to win the support of all parliamentary parties for it.

[Gerden] Although the Christian Democratic deputies voted against Foreign Minister Thaler, the government coalition is remaining in place for the time being. The council of the Liberal Democratic Party will debate this matter at a special session.

Prime Minister Dr. Drnovsek will consult all parliamentary parties on the foreign policy. The Christian Democratic ministers will stay in the government, too, if, as Drnovsek said, they will act constructively.

The prime minister says that the early elections most likely will not take place while responsbility for conducting foreign affairs will until further notice be performed by Thaler. For the time being, he does not plan to assume this department himself. He assessed the no-confidence vote on Thaler as follows:

[Drnovsek] I am sorry that the procedure has taken place at all. I believe that the short-term party interests have prevailed—obviously, there were some electoral reasons involved, too—while the interest of the state of Slovenia in achieving some foreign policy goals for which we have been struggling for quite some time, primarily EU and NATO membership, and the relations with neighboring countries, has been neglected. [end recording]

Slovenia: Slowing Economic Growth, Solutions Viewed

AU1905202396 Ljubljana DELO in Slovene 11 May 96 pp 35-36

[Commentary by Mija Repovz: "Is a Recession Crawling into the Country?"]

[FBIS Translated Text] Toward the end of last year even the persuasively optimistic Prime Minister Janez Drnovsek finally became obviously worried. He probably received some alarming advance information.

Warnings are one thing, but official calculations are something else. The State Statistics Department [Drzavni urad za statistiko] arranged quite a cold shower for the public on Wednesday, with its announcement of the assessment of last year's economic growth. While the governmental department for macroeconomic analyses, on the basis of last year's data, forecast 4.8 percent economic growth for the year 1995, it was really 3.5 percent growth. It was thus 1.4 percent lower than in 1994.

Industrial production, which accounts for barely a third of GNP—because of the failure of a number of companies, among other reasons—has been slowly decreasing since the middle of last year before our very eyes. It only improved in April of this year, but then only slightly. That is why it had to have been more or less clear for some time now, to at least the key people in the government, that the original forecast for economic growth last year would not be fulfilled. It is clear that this did not get rid of the paralysis under which the entire government is suffering.

What is more important than facing the truth about the year that has already passed is the fact that the forecasts for economic growth for the future are also uncertain. Everybody is impatiently waiting for the effects of the measures that were taken by the central bank before the end of last year. Apart from this, the government is hurrying up the preparation of its own measures.

Will they be effectual? To what extent? What if the conditions on the European market get even worse? Prime Minister Drnovsek will probably for a while not be able to continue telling the stories about one of the highest levels of economic growth in Europe—which are very pleasant to the ear—and use them to calm the sometimes almost idiotically malicious opposition.

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If and when the opposition even remembers about really important economic issues.

What is more disagreeable than the loss of the foundation for the desired optimism is the fact that the gap between what is created and what is consumed will dangerously increase due to the lower economic growth. It is difficult to expect the 5 percent growth that was originally forecast for this year. This goal will probably have to be lowered. On the other hand, there is no end to the strikes in the noneconomic field [negospodarstvo], and the government coalition, along with its prime minister, had started to think about getting votes as soon as the elections ended (so that there is no misunderstanding, the opposition is also not any better). It is now also giving in, although less than we are used to. It has given in to the judges, the doctors, to a small extent also to the railroad workers. A new balancing of this year's budget will have to be accepted. Putting together a budget for 1997 might well be a real strain. Will this be the first time that we are going to honestly run into debt? Janez Potocnik, the director of the Department of Macroeconomic Analyses, says the following: "Not last year or this year; the next year will be difficult."

However, growth, as a prime indicator of economic success, is not the only factor that is moving in the wrong direction. Inflation, a factor that the population all over the world is sensitive to, also does not seem to be doing well. Last year's inflation, which barely amounted to 8.5 percent, was looked upon as something self-evident despite warnings. Some analysts, including Joze Mencinger, the head of the Economic Institute, are now critical of the inflation, saying that the state kept those prices, which it itself controls, down excessively. This exaggeration will this year have to be fixed through visible yielding, if the state does not want some parts of the public sector (for example, the power industry) to suffer due to the increasing losses.

Already this year the government planned a 6 percent price increase in the budget document. It is very probable that the Ministry of Finance noted down the mentioned low rate in order not to enable the delegates to do what they want. They would, according to their old habit, give out money much more easily than they could have limited by a low inflation rate. Whether it is one way or the other, after the first four months of this year it became clear that the inflation, on a yearly level, has been greater than 10 percent. The governor of the central bank and the Ministry of Finance claim that we would have to try to keep inflation within single-digit figures. Mencinger, a usual opponent, is convinced otherwise; that striving to maintain the planned inflation would be destructive for part of the economy, and that the inflation has to be in double digits, so to say.

And in the end the other two main indicators of the success of economic policy are also moving in the wrong direction. Employment has gone down just as it has in past years, despite the relatively large amount of means for sustaining and opening jobs. This is supposedly because we are taking Europe as an example in this issue, although Europe already feels remorse over this matter. Moreover, we are also not employing during a period of economic growth. Due to stricter supervision this year, the number of unemployed is not increasing greatly and is still at around 126,000. If economic growth this year is again relatively weak, and inflation increases as it has so far and the central bank has to strengthen its monetary policy, then companies will surely be more eager to send their employees to the unemployment center.

Last of all, the international exchange is also moving downward. The negative balance of foreign trade doubled in the previous year, and has risen over the amount of 1 billion dollars. There is increasing doubt that tourism was as successful as officials have said. The supposed billion-dollar earnings from tourism last year supposedly covered, to a great extent, the transactions that were not done by official exchange bureaus, but by local inhabitants and entrepreneurs. A minus sign also showed up with the running payments balance, although the amount at this point is not that great.

"The economic situation is getting worse. The supposed success story has lulled the government to such an extent that it overlooked the warnings," says Joze Mencinger. "By saying this, I do not want to say that a different policy would not be problematic," adds Mencinger.

Those we spoke to are mild when mentioning the worsening of the economic situation. Partially because of terminological and methodological reasons, and partially also due to the fact that they are well aware that psychological effects are not just hot air when dealing with economic matters.

Three weeks ago, in an interview for this supplement, Prime Minister Drnovsek even called the decrease in economic growth in some western states, which is lower than in Slovenia, a recession. Is this also the case here? None of those that we spoke to had used this expression. The governor of the central bank, France Arhar, for example, said that most of the western European countries are now correcting their economic growth downwards in a planned manner. Moreover, in February it has been noticed in many countries that inflation is again moving, although in these countries inflation is supposed to be an idea of the past. "Regardless of this, they are not talking of

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a recession. Pessimism or at least fear can be noticed in these countries. There is despondency because it is known that some of the rights that the welfare state had been giving out so generously will have to be reduced. The competitiveness of the economies would thus be increased. That is the only way that the economies will be able to resist severe pressure from the Asian countries. The western European countries therefore have similar problems to ours," said Arhar.

The mentioned decrease in the economic growth forecasts of western European countries, which has being reported constantly by various institutes in the last few weeks, is also the reason for the decrease in our industrial production and economic growth. Mencinger believes that it is now already very obvious that with the decline of the conjuncture in the countries with which we chiefly trade, our industrial companies are beginning to choke. This is also understandable. Considering the fact that Slovenia exports 60 percent of its GNP, it is directly fatally dependent on the direction that the economic movements of those four or five countries to which it sells most of its products.

But the real reason for the decrease in economic growth, the danger of an increase of inflation, the declining employment, and the deficit in the foreign trade and running payment balance is of a domestic origin. They are, of course, the wages. The avalanche started in spring 1992, when Drnovsek's government, at its first session, thoughtlessly increased the salaries of the noneconomy and thus made one of its few, but fatal, mistakes. Despite their endeavors they later did not know how to fix it. The social partners—the government, apparent representatives of the employers, and the unions—had been making social agreements for the economy with great delays and with much ado. The representatives of the employers did not mean what they were saying. One year later it seemed as if the agreement had not yet been made. The directors of state-owned companies took the owners of small private companies as an example. These private companies get their earnings in ways that are problematic from the tax point of view; the examples for the delegates were the directors, judges, doctors, teachers, and the example for the rest were the delegates.... This led to very large differences between the highest and the lowest wages in a relatively short period of time. The differences poisoned the atmosphere in this country with a 50 year tradition of equal demands. The increase in the wages has balanced itself out a bit, although on a too high a level. Until now the wages have been actually increasing much faster than the increase of the GNP. In this matter we are a phenomenon in Europe.

The wage movement in the past few years has also been fatal forthe competitiveness of Slovene companies. "The bills always arrive. What has accumulated cannot be erased. The customers satisfy themselves with good quality for a while, but with time they begin asking why the price of the product is so high," says minister of Finance Mitja Gaspari. The wages in Czech industrial companies are, for instance, approximately two times lower than in our companies. This means the prices of their products can be lower, that is, the earnings can be higher. When comparing with Asian countries we are dealing with many times greater differences.

Very good companies do not have great problems with sales and earnings even today. According to the general director of the Idrija based Kolektor, Stojan Petric, the demand for their electric motors for the car industry is, due to a new technical solution on the European market, so high that the plant that they opened a few months ago is running 24 hours a day, seven days a week. However, due to the cheaper competition from the Far East, they have lost 10 to 15 percent of their orders for household machines and manual tools on the European market. "We greatly feel the problems that are caused by the gap between the movement of the exchange rate and inflation," confirms Petric. But companies that are this successful are truly only exceptions.

The European countries have been fearing the pressure from the Asian tigers for a while now. The USA were the first to realize the danger, and adapted their economic policy, along with the income policy, since their wages have supposedly been more or less stagnating. The Asians have stopped producing only textiles and clothing long ago, and they produce an assortment of goods, from modern cars to top computer technology. And this at considerably lower prices, which they base on the salaries and the social expenses for the employees. These are ridiculously low for European notions. The companies do not use the difference between the expenses and the earnings for wages to make ends meet, as is the case here. Or when dealing with the personal consumption of our citizens: mass purchases of very luxurious cars for wealthier foreigners literally take away the breath of people over here.

Comparisons that speak of savings on the national economic level in Asian countries and in Slovenia, are, according to the governor of the Bank of Slovenia, France Arhar, destructive for us. While the national economic savings in the Asian states amount to 30 percent, they barely reached 20 percent of the GNP in Slovenia last year. "The economic development can be also be reached without domestic savings, by taking foreign loans. However, it would be very bad if we were to forget the bitter experience from the recent

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past. Yugoslavia also took loans in order to finance its economic development. A large part of the mentioned $20 billion loan will take Slovenia quite a while to pay back," says the governor. "If this country, the banks, or the companies take loans, it will have to be done in dosages. Otherwise..."

What can Prime Minister Drnovsek do in the coming weeks and months? The worsening of the economic situation has hit him exactly in a election year. It is not possible to give him all the blame for movement of the wages so far, nor with it, the movement of the other economic indicators. But it can also be given to him in part. Did he not, to put it mildly, leave the matters to themselves for too long, hoping that everything will all take care of itself, and if not, then it would after the election?

The standstill needs to be overcome. It would be best for all, therefore even for the prime minister as an ambitious politician, if the government were to take care of truly effective steady economic steps, and accelerate the preparation of the pension reform as much as possible. Even the tightening of the belt should not be feared. This is basically an unusual matter in a election year, but according to public opinion polls the change in the pension adjustment did not harm the prime minister despite the roughreactions at the time. If he will be clear enough and convincing (which he is good at) at his presentation, and if those affected are not only the socially weak (in which he has succeeded so far), then the citizens will view these moves as a virtue. The fear of a economic crisis is still in their bones.

Too risky for an election year? Despite the critical attitude toward the Drnovsek government, like Mencinger, many other people are afraid of an alternative; therefore, that a coalition of the rightist parties would win the elections. Just because these always, and at any cost, want to put "our" (their own) people into all the positions. However, among them there are too few capable ones, and even fewer of those that are already capable of ruling.

[Box, p 35]

Minister of Finance M. Gaspari: "When Even the Capitalist Austrians Freeze Wages"

[DELO] Why is conjuncture declining?

[Gaspari] Because the companies have been canceling jobs due to the wage (non) policy. The unions are claiming that they support employment and better working conditions. The basic condition for this is that the people are employed in the first place, and not that they should be getting the wages they desire. The companies cannot just make earnings and pay out the wages. A bit lower individual standard would enable greater employment, which would be better than an argument on the height of the wages. In Austria they recently froze the wages of all the state and public employees and delegates. Whether the conjuncture in Slovenia will improve depends on last year's measures regarding the exchange rate policy and on investments. I think that the investment cycle in the privatized companies will start as well, since the inner logic demands it. If we will view foreign investments into domestic companies in a rational manner, then the path for investments will be open. Otherwise it will be worse.

[DELO] What will happen to inflation?

[Gaspari] Whether it will be lower than the 10 percent goal set by the government depends on a number of things. First and most of all, it depends on the wage increases, which are the greatest expense. The actual interest rates are constantly decreasing, and the question is whether they are decreasing fast enough. This depends on whether the national economic savings are strengthened both in companies and public consumption. The exchange rate is problematic, as it fluctuates. A stable exchange rate is really a condition for a low inflation, but the right balance must also be found between the stability of the exchange rate and the financial capability of companies to finance the income from the actual appreciation of the exchange rate. The companies that have spent most of their earnings for wages are unable to do this. The government will try to assist them with the measures that it is preparing, but what could happen is that the effects might get lost due to the increasingly greater difference between the exchange rate and the inflation.

[DELO] Will there be a recession?

[Gaspari] Not if we fulfill some conditions. First of all, if we get a realistic social agreement for the economy. Second, if the strange adjustments of wages that began with the judges and doctors... in the noneconomy do not continue. If it ends up as it did with the doctors, there really is no reason for excessive optimism. If they get what they are demanding, then everyone will also lose a great deal in the end. Third, if the budget does not need to take too great a loan.

[DELO] Your opinion on the danger of the Mexico syndrome?

[Gaspari] As to what kind of spiral can occur due to wages, which represent the overwhelming presumption with regard to expenses, is already known from 1992. Movements in the economy do not disappear, they accumulate. What happens cannot easily be lost within a

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vacuum. The wages surely do not support the economic growth, as was claimed by some of my minister colleagues. Because of them business is now done on the basis of daily influx. Such companies are greatly shaken by every event on the market.

[DELO] Your opinion on optimism and pessimism?

[Gaspari] It is comfortable to be a pessimist. One can never be very disappointed because things can only be better than expected. If you work operatively, you cannot afford to do so.

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Federal

FRY: Yugoslavia Attends Succession Talks in Brussels

LD1705190696 Belgrade TANJUG in English 1705 GMT 17 May 96

["Pool" item]

[FBIS Transcribed Text] Brussels, May 17 (TANJUG)—A new round of talks between Federal Republic of Yugoslavia and the peace implementation council on the problem of succession to the former Yugoslav Federation was held Friday in Brussels.

The informative talk was held at the headquarters of the international community high representative in charge of civilian aspects of the Dayton accord Carl Bildt between the new head of the group for Yugoslavia's succession Sir Arthur Watts and the Yugoslav delegation headed by Kosta Mihajlovic.

The Yugoslav delegation pointed to the need for continuing the talks on succession, but without raising the issues of Yugoslavia's political and legal continuity, Mihajlovic said.

The delegation also said solutions must be found for overcoming the economic consequences of the secession of former Yugoslav republics from the ex federation.

Watts agreed to the continuation of the talks on a new basis, after earlier unsuccessful endeavors to reach agreement within the framework of the Geneva conference. The endeavors were suspended at the end of 1994.

Important political changes that have occurred meanwhile will certainly be reflected also on the continuation of succession talks, which have been transferred from Geneva to Brussels.

At the talks held in April between Watts and representatives of Slovenia, Croatia, Macedonia [FYROM] and Sarajevo Muslim government, it was suggested that the talks should be taken up at the point at which they had been suspended in Geneva, i.e. that they should focus exclusively on dividing up the existing property of the former state now at the disposal of FRY, but that the property now under control of seceded republics should not be discussed.

Federal Republic of Yugoslavia cannot agree to this suggestion, as it disregards the basis provisions of international law on succession, Yugoslav delegation told Watts.

Mihajlovic said Watts has shown full understanding for all Yugoslav requests and convened the next round for May 31 in Belgrade.

FRY: Yugoslavia Interested in Strengthening Peace in Bosnia

LD1705171996 Belgrade TANJUG in English 1632 GMT 17 May 96

["Pool" item]

[FBIS Transcribed Text] Warsaw, May 17 (TANJUG)—The Speaker of the Yugoslav Parliament's Lower Chamber, Radovan Bozovic, has said that the foreign policy priorities of Yugoslavia are the full stabilization of peace in Bosnia and Yugoslavia's return into European and world political, economic and financial institutions. Yugoslavia urges the holding of elections in Bosnia according to schedule and advocates the regulating of relations between the Bosnian Serb state Republika Srpska and the Muslim-Croat Federation, Bozovic said in an interview carried by Polish daily TRIBUN on Friday.

Bozovic said that Yugoslavia still feels the effects of the sanctions and that the country's economy is additionally burdened by the 600,000-700,080 refugees.

Asked by journalists to comment on the situation in Serbia's Kosovo and Metohija Province, Bozovic said that about 30 percent of Yugoslavia's population are various national minorities and that all of them, with the exception of the ethnic Albanians in Kosovo, are using their minority rights.

Minorities in the Federal Republic of Yugoslavia enjoy all rights guaranteed by international documents, ranging from education and media information in their own languages, to participation in the country's political life, Bozovic said.

He said that ethnic Albanians do not want to use their rights and instead demand secession and their own state. Bozovic added that, however, it is necessary to conduct a dialogue with the Albanians in Kosovo.

'The Serbian Government is open to talks on all unresolved issues,' Bozovic said.

FRY: Belgrade Insists on Legal Modalities With IMF

LD1905164996 Belgrade TANJUG in English 1609 GMT 19 May 96

["Pool" item]

[FBIS Transcribed Text] Belgrade, May 19 (TANJUG)—Yugoslav Government official Oskar Kovac said Sunday that legal modalities were necessary for the regulation of Yugoslavia's membership in the International Monetary Fund.

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Kovac, who heads the task force in charge of preparations for talks with the IMF, said on Radio Kragujevac that the preliminary talks with the international financial institution should be devoted to the relevant legal modalities.

He said the modalities implied the conclusion of one of the usual agreements with the IMF, either a stand-by or some other similar arrangement, which would give to Yugoslavia access to the funds which it is entitled to on the basis of IMF membership.

Kovac said legal modalities would enable Yugoslavia immediately to open official talks with international creditors—London Club commercial banks and Paris Club member-states.

Kovac said the preparatory talks would also cover the manner of repayment of Yugoslavia's outstanding debt to the IMF, which Yugoslavia was not able to pay during the implementation of the U.N. sanctions against it.

We can do so now, since we have foreign revenues, Kovac said.

FRY: FRY Fulfills Human Rights Convention Obligations

LD1905165996 Belgrade TANJUG in English 1636 GMT 19 May 96

["Pool" item]

[FBIS Transcribed Text] Belgrade, May 19 (TANJUG)—Yugoslav Minister without Portfolio Margit Savovic said Sunday [19 May] that Yugoslavia was fulfilling all obligations from the human rights convenuon, whose signatory it was.

Savovic, who is in charge of human and minority rights, said on Radio Kragujevac that respect for human and minority rights was a condition for Yugoslavia's reintegration into the international community.

'International community representatives in charge of human rights have free access to all regions in our country and all data,' Savovic said.

She said the latest international reports on human and minority rights in Yugoslavia were far more objective than the earlier ones, but preconceived views were still to be found in some of them.

Savovic said views about Yugoslavia were in most cases characterized by prejudices and inertia.

She said human and minority rights were used to put pressure on yugoslavia and set new conditions to it, all with a view to obtaining new concessions.

Savovic said she hoped international representatives would in future show an equal interest in the rights of Serbs in Croatia and Bosnia, which she said would give Yugoslavia hope that it would at last be treated as an equal in the matter.

FRY: European Reaction to Kasagic Dismissal Reported

LD1705211896 Belgrade TANJUG in English 1817 GMT 17 May 96

[FBIS Transcribed Text] Belgrade, May 17 (TANJUG)—European media on Friday again commented on the decision by (Bosnian Serb) Republika Srpska President Radovan Karadzic to dismiss Prime Minister Rajko Kasagic, assessing mostly that it was illegitimate and that it would lead this Serb entity in Bosnia-Herzegovina into isolationism.

Paris dailies pointed out that the international community would not allow Republika Srpska to become isolated from the world and said that France was ready resolutely to oppose the removal of Kasagic, whom liberation called 'a man of dialogue,' necessary for the realization of the Dayton peace accords.

The British paper the Daily Telegraph quoted Kasagic's statement that he was not withdrawing and that he would work with the international authorities for peace to be restored in Bosnia-Herzegovina.

London's FINANCIAL TIMES said Kasagic had received important support from Belgrade as well and carried a government statement from the Yugoslav Republic of Serbia which said Karadzic's decision to oust his moderate prime minister was invalid.

The BBC radio quoted a statement by U.S. State Department spokesman Nicholas Burns who said the U.S. expected Kasagic to remain prime minister and that the West, Europe and the U.S., would continue to work with those who wish to implement the Dayton accords.

Italian papers also said Kasagic was the best partner for talks on the implementation of the peace accords. Reports said his dismissal had not received support from NATO Secretary-General Javier Solana, NATO commander for Europe Gen. George Joulwan, or the international community's high representative for civilian affairs Carl Bildt.

Serbia

Serbia: Milosevic, Romania's Iliescu Comment on Talks

AU1705160996 Bucharest Radio Romania Network in Romanian 1300 GMT 17 May 96

[FBIS Translated Text] Continuing his visit to the Federal Republic of Yugoslavia, today in Belgrade

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Romanian President Ion Iliescu held talks with Serbia's president, Slobodan Milosevic.

According to our correspondent Dana Popescu, in a statement made to the press following the conclusion of the talks, President Milosevic said that they had tackled the most important problems of the region and issues pertaining to bilateral relations, with the degree of understanding being high, especially in the economic domain. Milosevic added that a bilateral trade liberalization accord is to be concluded soon, after which he emphasized that the fact that the two countries have joint borders on the Danube River is a determining factor for certain joint objectives and projects envisaged by the two countries.

For his part, the Romanian president stated that the current circumstances of their talks were clearly superior to those of the last meeting between the two heads of state. That meeting took place in Bucharest, where they talked about the need to make preparations for cooperation after the conflict ended in Bosnia-Herzegovina. Now we can talk about the normalization of the situation in former Yugoslavia, as well as the normalization of the relations between our countries and in our region. These relations are still difficult, but there are encouraging prospects, the head of the Romanian state said.

The most important issue of today's talks, President Iliescu added, was economic problems, as these talks were important for both countries to view the role that they are to play in this region and their contribution to the stability and development of the region in the context of European integration. This is why our talks also had an important political significance, said the Romanian president.

Serbia: Milosevic Views Relations With Romania With 'Optimism'

AU1705161596 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 17 May 96

[Statement by Serbian President Slobodan Milosevic following talks with Romanian President Ion Iliescu in Belgrade on 17 May—recorded]

[FBIS Translated Text] I am very pleased to have an opportunity to welcome our old friend Romanian President Ion Iliescu. I would like to say that we had very substantive and comprehensive talks within the continuation of our contacts on all the important aspects, the most important issues relating to economics and politics in our region, and particularly relations between our two countries.

We reached a very high level of agreement in the assessment of the importance [changes thought] I would say an identical view in the assessment of the importance of our bilateral relations, which are, as is well known, very good, and particularly in the assessment of the importance of the development of our economic relations.

As for the development of our economic relations, we will soon have an agreement on the organization of these relations that will provide for truly free trade on a wider market, which will doubtless contribute to the development of both countries, that is, invigorate the economic development of both countries. On both sides we have lots of reasons to make use of the good comparative advantages, offered by our good cooperation so far, our proximity, the Danube that links us up, the joint investment projects that we have had in the past, and many projects that can be implemented in the near future based on joint interests. In that sense, we will be developing this cooperation. We will be striving for the economic cooperation to reach the level of the excellent political relations that exist between our two countries.

I would like to say that I view with great optimism the development of our bilateral relations. I would like to greet President Iliescu once again.

Serbia: Romania's Iliescu 'Optimistic' After Belgrade Talks

AU1705165696 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 17 May 96

[Statement by Romanian President Ion Iliescu following his talks with Serbian President Slobodan Milosevic in Belgrade on 17 May—recorded; Iliescu speaks in Romanian with superimposed Serbo-Croatian translation]

[FBIS Translated Text] I would first like to express my satisfaction at having the opportunity to meet President Milosevic. We have agreed that the situation has much improved since our last meeting and talks in Bucharest.

In Bucharest we said then that there was a need for joint preparations for our cooperation in the period after the conflict in this region. That is why I can say with pleasure that we can now speak of a great improvement in relations between Romania and Yugoslavia, as well as in the entire region. This is a new development that gives us hope and makes us optimistic that things will be better.

Of course there are still great problems facing us, but the prospect is encouraging. In the political sphere, the agreement that we have signed on friendship, good neighborliness and cooperation between Romania and Yugoslavia lays down a basis for our overall relations. Now it is up to the economies of our two countries to boost that cooperation. Speaking of that, we can now be

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concrete both at the level of government and economic subjects themselves.

Apart from the agreements reached so far, talks are under way now for cooperation in other spheres, such as banking, trade, and so on. That is why we concentrated during our talks on economic cooperation, because of the roles that our countries play and the place that they have in this part of Europe, first as factors of stability and then as factors of economic development in the wider area within European integration. That is why we place such importance on the talks that we have had in Belgrade and that is why we want to thank our hosts for the very friendly and cordial atmosphere that has surrounded us throughout our stay in Belgrade.

Serbia: Textile Workers Stage Token Strike in Leskovac

LD1705203296 Belgrade TANJUG Domestic Service in Serbo-Croatian 1912 GMT 17 May 96

[FBIS Translated Excerpt] Leskovac, 17 May (TANJUG)—A token strike in which 4,000 workers took part was held on the central square in Leskovac today. It was organized by the regional committee of trade union of workers in the textile, leather, and shoe wear industries.

The well-organized protest passed without any incidents and in a dignified manner. [passage omitted]

At today's token strike textile workers formulated their 13-point demands to the competent republican bodies, mainly to do with the urgent resolution of numerous social and other problems and the creation of conditions for normal work.

They are demanding that the textile industry be given priority status for funds from the Serbian fund for the labor market, lower rates of tax and other contributions, rescheduling of debts, lower interest rates, payment of arrears of child benefits, and guaranteed salaries. As for payments from foreign buyers who have already received textile goods, they are demanding that they be made in either raw materials or other goods.

The textile workers announced that, should their demands not be met, they would reassemble at the central Leskovac square on 28 May to begin the official strike of the textile industry workers in the region.

Serbia: Serb Civic Alliance's Pesic Discusses Elections

AU1705135796 Frankfurt/Main FRANKFURTER RUNDSCHAU in German 17 May 96 p 6

[Interview with Vesna Pesic, president of the opposition Civic Alliance of Serbia, by Rolf Paasch; place and date not given: "This Is No Time for an Inquisition"]

[FBIS Translated Text] [Paasch] German Foreign Minister Klaus Kinkel has been meeting with President Slobodan Milosevic and representatives of the Serbian opposition in Belgrade. What do you expect from the Germans, who want to normalize their relations with the FRY, and hence with Milosevic?

[Pesic] We want Germany to give us the financial support for economic change. After that, our economy requires complete restructuring, otherwise there is no point in financial aid at all.

[Paasch] But President Milosevic happens to be struggling against such an economic reform.

[Pesic] Dragoslav Avramovic, the governor of our national bank, has just presented an alternative law on privatization and simply refuses to print any more money, as the regime has demanded. He has the support of the population. Avramovic criticizes the government's policies, speaks at worker demonstrations, and writes in the independent media. That is a very unusual development for our circumstances, a dramatic one even. My only fear is that Avramovic will lose the struggle against Milosevic, who has already removed him from the committee that is holding negotiations with the IMF.

[Paasch] In that case, Klaus Kinkel should have been talking to Avramovic.

[Pesic] I would have liked that, too. But I fear we must fight for this economic reform ourselves. Milosevic has a major problem. If the economy collapses, he has to open up the system and give up the state control exercised by the directors. That would be the beginning of pluralization, which he is as reluctant to see today as he was in 1989.

[Paasch] The war is over, but the situation of the opposition has hardly improved.

(Pesic] The Dayton accord has worsened our situation rather than improving it. We expected our government to concentrate on economic problems, social issues, and the situation in Kosovo. But it has not done so. But the good thing is that we have managed to form a coalition of the Democratic Party and the Serbian Renewal Movement, the two biggest opposition parties,

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and our Civic Alliance of Serbia. That gives us a far better chance at the next elections.

[Paasch] Do you see any chance of winning the elections at the end of the year, despite all the odds?

[Pesic] We have no money and no voice in the media. Hardly anyone reads any newspapers here and the government controls the granting of frequencies for independent radio and television stations. So we try to communicate by means of leaflets and gatherings. The police and regime were very nervous at our latest demonstrations in Nis and Belgrade. The obstruction of independent media is also a sign of weakness.

[Paasch] Do you think Milosevic would give up power if he lost the elections?

[Pesic] That is the big question. In such a case, our struggle would begin in earnest. If we win, there will be such enthusiasm that Milosevic will not be able to ignore it. But first, we must win the elections.

[Paasch] You are talking about a new coalition. But our impression of the Serbian opposition is a "conglomerate of confused groups," as one critic has described it.

[Pesic] The ancien regime [French term used] has been toppled in the other eastern European countries and parliaments and parties have been formed. But our problem is that we in Serbia have still not created the main institutions of democratic life. That is why the opposition has been a conglomerate, which we now hope to transform with our coalition.

[Paasch] The two big parties that you have joined with used to preach nationalism.

[Pesic] Our differences were greater during the war. The opposition parties had to adapt to that nationalism, otherwise they would have lost everything. It was easier for us, as we had been opposed to the war from the very beginning. Today I have no doubt that Messrs. Djindic and Draskovic [leaders of Democratic Party and Serbian Renewal Movement] favor parliamentary democracy. This is no time for moral judgments, sectarianism, or an inquisition. We must concentrate on our goal of toppling the regime and forming a pro-Western coalition.

[Paasch] That does not exactly sound like a reappraisal of the past.

[Pesic] This is not the right time for it. People who are busy trying to survive cannot pursue such discussions. If you tell people that everything is their fault, they will only get more depressed. First we need to topple the regime and achieve an economic upturn. Only then can we begin to discuss our past.

[Paasch] What will the FRY look like in five years' time?

[Pesic] It is difficult to say. Perhaps this rump Yugoslavia will no longer exist and there will only be Serbia and Montenegro. But perhaps we will succeed in creating a federal state capable of surviving, with Kosovo as an autonomous province. Perhaps the "Serb Republic" in Bosnia will be annexed. Who knows?

[Paasch] What does Milosevic intend to do with Karadzic and the "Serb Republic?"

[Pesic] He is under pressure to show that the war was not in vain. Therefore he will try to replace Karadzic in the "Serb Republic" with one of his own people and then win the elections there with his Socialist Party. That would be a bad solution. Milosevic the peacemaker, who also wins half of Bosnia, would be virtually undefeatable for us. That is why Dayton was not good for us and that is why I am also skeptical about the coming elections in Bosnia.

Montenegro

Montenegro: Social Democrats Leave JUL Over Federal Concept

LD1605131196 Belgrade TANJUG Domestic Service in Serbo-Croatian 0855 GMT 16 May 96

[FBIS Translated Text] Podgorica, 16 May (TANJUG)—The Social-Democratic Party of Montenegro, led by Vidak Vujacic, has left the Yugoslav Left [JUL].

This decision was announced in a statement issued today; the reason for leaving JUL is the JUL's program which envisages that Yugoslavia should be a state of regions, in which Montenegro would be the 14th region.

The Social-Democratic Party of Montenegro (this is not the parliamentary party of the same name), the statement says, is in favor of an equal Montenegro within the Yugoslav federation.

The Social-Democratic Party of Montenegro was founded in 1990 as a party of the left which fights for democratic socialism.

Montenegro: Increase in Industrial Output Reported

LD1705212196 Belgrade TANJUG in English 1819 GMT 17 May 96

["Ecopool" item]

[FBIS Transcribed Text] Podgorica, May 17 (TANJUG)—Industrial output in Montenegro in

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the first four months of this year was 65 percent higher than in the same period last year, the Republican Statistics Office said Friday.

In April, industrial production went up by 0.6 percent on the previous month and by 80 percent on March last year.

In the first four months the biggest production increase was registered in shipbuilding—572 percent. Production in the power industry, non-ferrous metal industry, leather and fur industry and processing of non-metals has more than doubled in relation to the same period last year.

Montenegro: Libyan-Montenegrin Maritime Agreement Signed

LD1705172896 Belgrade TANJUG Domestic Service in Serbo-Croatian 1634 GMT 17 May 96

[FBIS Translated Excerpt] Bar, 17 May (TANJUG)—The Montenegrin Ministry of Maritime Affairs and Transport and the Libyan Secretariat for Communications and Transport signed a protocol on maritime cooperation in the port of Bar today.

The protocol envisages the start-up of a shipping line for goods and passengers between Bar and Libyan ports, with the carriers being the Yugoslav shipping companies Prekookeanske and Jugooceanie and the Libyan national shipping companies.

Cooperation is also envisaged between Libyan shipping companies and the Bijela shipyard regarding repair work on ships. [passage omitted]

Kosovo

Kosovo: Rugova Seeks 'Nothing Less Than Independence'

BR1705141196 Madrid EL PAIS in Spanish 17 May 96 p 6

[Interview with Ibrahim Rugova, leader of the Kosovo Albanians, by "A.S.C." in Pristina; date not given: "Rugova: Nothing Less Than Independence"]

[FBIS Translated Text] *Ibrahim Rugova—52 years old, dark glasses, wearing a scarf in 25 degrees Celsius, soft voice—received EL PAIS in a shack in Pristina, the headquarters of the Kosovo Society of Writers, over which he presides, situated next to a patch of waste ground occupied by buses and dumpsters. A photograph of John Paul II with the leader of the Kosovo Albanians and president of their main party, the Democratic League, features prominently in a neighboring room.*

[EL PAIS] What is your plan for Kosovo?

[Rugova] An independent state, open to Albanians and Serbs, with guarantees for the Serbs. Until then, an international protectorate enabling demilitarization until the situation calms down.

[EL PAIS] Nothing less than independence?

[Rugova] Nothing less than independence. It is a good solution for the Serbs and for Europe.

[EL PAIS] Do you think it is possible? The international community does not support that idea.

[Rugova] It is the fairest solution and is very realistic. I am not talking about the unification of all Albanians in a single state. We are working very hard to achieve our aims and I hope we will get that recognition within a few years.

[EL PAIS] What about [Serbian] President Slobodan Milosevic?

[Rugova] He is the boss of Serbia and the international community needs him to solve various problems. Everything in the former Yugoslavia has ties with Belgrade. However, despite the fact that they need him, he will have to be persuaded by the West and by the Serbs themselves. The Serbs must realize that the independence of Kosovo would not be a tragedy.

[EL PAIS] Are there other more radical plans than your own? Is there any danger of divisions?

[Rugova] The radical alternatives are very dangerous. We have no protection. It is not just the Serbian soldiers and police. The civilians are also armed and are very difficult to control. Street demonstrations are dangerous and there is still a lot of repression against the Albanians. There are people calling for an armed rebellion, but that is ridiculous! Fortunately the Albanian population of Kosovo has a high level of self-control. There is no risk of splits in our ranks. We have organized a democratic order which people respect.

[EL PAIS] Do you receive any aid from Albania?

[Rugova] Yes, diplomatically and politically. No economic aid, however. They have many difficulties of their own.

[EL PAIS] Has anything changed since the recent interethnic incidents for which an Albanian group claimed responsibility?

[Rugova] There is much tension and we are wary of the situation escalating. I do not think that those responsible for the killing of five Serbs were Albanians. That is just one more way of poisoning people's minds against us.

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Kosovo: Leaders Assess Meeting With Germany's Kinkel

AU1905171296 Tirana RILINDJA in Albanian 18 May 96 pp 1, 3

[Report by Behar Zogjani on a news conference held by Ibrahim Rugova, leader of the Republic of Kosova, and Fehmi Agani, deputy chairman of the Kosova Democratic League, in Prishtina on 17 May: "A Policy of Nonviolence Is Being Waged for the Liberation of Kosova"]

[FBIS Translated Excerpt] [Passage omitted] Dr. Rugova began the news conference by welcoming the initiative of U.S. Congressman Engel for the appointment of a special emissary for Kosova, and the support for this request from Congressmen Molinari, Lantos, and Porter. He then welcomed the stand taken by Austrian Foreign Minister Schuessel, who said in Tirana that the dialogue between Belgrade and Prishtina must be conducted in the presence of a third party. The Association for Endangered Peoples based in Goettingen in Germany, which asked to have its own office in Kosova, said the same. Rugova thanked German Foreign Minister Klaus Kinkel, who met the delegation of Kosova in Belgrade. President Rugova also welcomed the statement and demand by Mrs. Elizabeth Rehn for the opening of an office of the United Nations and the EU in Prishtina, in order to secure a greater international presence. Rugova also thanked the WHO and Mr. Mario Grassi of the Council of Europe, who has been helping to start a program of vaccination against poliomyelitis, a disease that once disappeared from Kosova but is now present again. [passage omitted]

Professor Dr. Fehmi Agani, deputy chairman of the Kosova Democratic League [LDK], then spoke about the meeting that he and Hydajet Hyseni and Edita Tahiri held with German Foreign Minister Kinkel in Belgrade. He said that Kinkel was in Belgrade as a representative of the EU and of Germany, and that they talked about a range of issues. The invitation for a meeting with representatives of Kosova was in fact an invitation to the president of the Republic of Kosova. Because it was impossible to hold this meeting in Belgrade, the three LDK representatives went. We presented our demands, Agani said, and expressed our views on the possibility of establishing dialogue. Kinkel said that Germany together with the United States had tried to give a greater place to Kosova at Dayton. According to him, we did our utmost after Dayton to make Kosova the focus of international interest. There is no basis, according to Kinkel, to the view that Kosova has been forgotten by the international community, because Kosova cannot be forgotten without a solution to its problems. The LDK deputy chairman then said that Klaus Kinkel had promised that Kosova has the support of the EU and of Germany in the framework of European policy.

Agani said that the remainder of the conversation with Kinkel was devoted to the subject of refugees, and the German minister said that he had reached an agreement with Milosevic to permit the return of all those refugees who had not obtained asylum in Germany. Kinkel promised that the refugees would not be repatriated before relatively normal conditions for their return had been created.

There followed many questions from journalists, mainly foreign, which were answered by Dr. Rugova and Dr. Agani. Replying to a question as to whether Serbia had not made the return of the refugees conditional on sums of money, as had been warned in advance, Agani said that no such demand had been apparent from the discussion with the German minister, but that it had been laid down that the refugees would be returned to their countries in accordance with international principles. Dr. Ibrahim Rugova, asked whether the repression in Kosova had increased despite the increased international presence, replied that he welcomed this international presence, especially recently, as a preventive measure. We are always appealing for an increased international presence, he said, in order to prevent the situation from escalating, and of course in order to stop the repression and to ease tensions in Kosova. There is also greater concern in the United States and among the EU, Rugova said, and after Dayton Kosova will be at the head of the agenda. Macedonian Television correspondents, from both the Macedonian and Albanian-language services, then asked questions, to which Dr. Rugova said that he did not wish for more incidents, and that we are working to prevent them. Meanwhile, as for Gligorov's statement about direct Albanian-Serbian dialogue, Dr. Rugova said that we are asking for talks with the mediation of a third party, and this is the stand of the United States and the international community.

As for the elections in Albania, Rugova said that the developments and results of the last four years ensure that genuinely democratic forces will win. I am glad, he went on to say, that a very civilized campaign is being conducted and the scenes we see show that this is indeed a different Albania from that of 1991. We hope for positive results for the Democratic Party and for other parties, the president of Kosova concluded. The parties in Albania have no need for support from Kosova, because it is the citizens of Albania who will have their say.

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Vojvodina

Vojvodina: Vojvodina Health Workers To Join 20 May Strike

LD1705170696 Belgrade TANJUG Domestic Service in Serbo-Croatian 1555 GMT 17 May 96

[FBIS Translated Excerpt] Novi Sad, 17 May (TANJUG)—Health workers in Vojvodina are to join the strike by the Serbian health workers' trade union, it was announced today at a news conference given by their trade union in the province.

This means that from 20 May they will work as they do over weekends and on vacations and that only emergencies will be handled. [passage omitted]

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